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Central Eurasia

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Russo-Chinese Border Conflict Detailed

954F1449A Moscow SEGODNYA in Russian 17 Feb 95 p 3

[Article by Yuriy Andreyev: "The Demarcation of the Russo- Chinese Border Continues: The Actions of Governor Nazdratenko May Lead Only to a Confrontation"]

[FBIS Translated Text] **Because of the energetic activity of the Maritime Kray administration, which, as we know, is trying to denounce the Russo-Chinese agreement on the state border, the editors of SEGODNYA considered it appropriate to publish detailed information on the territories "at issue," from the standpoint of the Maritime governor.**

The Russian delegation, in a joint Russo-Chinese Demarcation Commission, consisting of representatives of the MID [Ministry of Foreign Affairs], the Ministry of Defense, the Federal Border Service, and the administrations of all the regions of Russia that border on China, is engaged in demarcation work, in accordance with a decree of the Russian Federation Government. Guided by the Agreement on the Border with China of 16 May 1991, it is charged with the duty of marking the area of the approved boundary line. The demarcation work should be completed by the end of 1997.

Before beginning the demarcation, Russia and China had to traverse a long and difficult path of negotiations on regulation of the boundary questions, which began in 1964 and have continued, on and off, for almost three decades. The documents, fixed by treaties concluded at various times between Russia and China (1689-1911), were not complete. The islands in the Amur and Ussuri were not divided up at all, and their state affiliation was not legally established in bilateral procedure. In the mid-1930's, under the conditions of the Japanese occupation of Manchuria, the Soviet Union, in a unilateral procedure, took control of virtually all the islands in the Amur and Ussuri Rivers. At that time the boundaries on a number of land sections became confused. This is the way the "actually preserved line of the border" was formed. It was not legalized in bilateral procedure, differed from the one agreed on, and was never recognized by China.

Long negotiations succeeded in precisely defining and determining the line of the Russo-Chinese border in its eastern section (length—4,300 km) and in fixing the accords achieved in the 1991 agreement.

In accordance with the principles of international law, the boundary line should pass through the middle of the main channel on the navigable rivers, which include the Amur and Ussuri Rivers. On this basis, the islands located on the Russian side of the middle of the main channel belong to Russia, and the islands on the Chinese side—to China.

On 13 February 1992, the 1991 agreement was ratified by the Russian Federation Supreme Soviet. In an exchange on 16 March 1992, the ratified official documents, signed on the part of Russia by President Yeltsin, verified that Russia had assumed the full volume of rights and duties specified in the agreement. The agreement came into force and took on the nature of a legislative act, in accordance with which the obligations are to be strictly fulfilled by the executive and administrative organs of the country, including, of course, the administration of Maritime Kray.

In most cases, no problems have arisen since the demarcation work began in 1993. As negotiations showed, however, on three sections of Maritime Kray—in Khankayskiy, Ussuriyskiy and Khasanskiy Rayons—there were no alternative solutions. According to the 1991 agreement, the boundary line, fixed by treaty and determined in the documents of 1860-1861, should be restored here.

The governor of Maritime Kray has come out against this. What are his arguments? The strongest—"patriotic"—"We will not give up an inch of our Maritime land." This is the logic of a confrontational approach. Its consequences can be seen in the example of the bloody events on Damanskiy Island in 1969.

To be fair, it should be noted that there are also allusions to the old documents, fixed by treaties between Russia and China. Actually, the Treaty of 1860 indicated that the border line "should not be changed." After all, though, it is this point that goes against the position of advocates of retaining the "actually preserved border lines." The agreement of 1991, based on earlier Russo-Chinese documents, also precisely defined the boundary line where, for various reasons (natural changes, confusion of certain boundary markers, occupation of individual sections by unilateral actions), it deviated from the one agreed on.

We must not, of course, pick out at random individual points of earlier treaty documents—they should be considered in a group. For example, in Ussuriyskiy Rayon, the Peking Agreement of 1860 and the description of 1861 define the Granitnaya River as the boundary line from the mouth to the source. The actually preserved boundary line, however, does not pass along the entire river. The boundary mark proved to be at the intersection of three watershed ridges, and has shifted toward China, which contradicts the documents fixed by the treaties of 1860 and 1861. It is obvious that the treaty boundary line should be restored here. In Khankayskiy Rayon, the boundary line, according to the treaty of 1860, should pass strictly along the watershed. After two years, the demarcators, by agreement with the administration of Maritime Kray, determined the precise position of the watershed accepted as the boundary line. As a result, part of the Chinese territory, including arable lands, should pass to Russia, and part of the Russian territory—to China. It is clear that the actual position of the watershed in this region cannot be subject for further discussion.

In accordance with the 1860 treaty, the boundary line in Khasanskiy Rayon was established along the watershed, and the left bank of the Tumannaya River belonged to China. As the result of the undermining of this bank, the boundary ended up on the water surface of the Tumannaya River, and in 1964 it was still somewhat shifted to our side. This location of the boundary was also fixed in the 1991 agreement. As for questions of ecology on this section, they are regulated by the agreement on the condition of the Russo-Chinese state boundary of 27 May 1994 (Part 2), signed by V.S. Chernomyrdin, chairman of the Russian Federation Government, and on the Chinese side—by Li Peng, premier of the State Council of the PRC. The search for a mutually acceptable solution has not yet ended.

Draft Law on Tsarist Gold Abroad Reviewed

954F1443A Moscow IZVESTIYA in Russian 21 Feb 95 p 2

[Article by A. Portanskiy: "Duma Plotting Further Nationalization"]

[FBIS Translated Text] **Everyone knows that Russia is rich in natural resources. The fact that it owns quite a lot of property abroad, however, is not commonly known. We have not utilized the former in the best possible fashion. Perhaps we will manage the latter in a more successful manner? Judging by the draft law "On Property of the Russian Federation Located Abroad," being proposed by the LDPR [Liberal Democratic Party of Russia] in the State Duma, that is unlikely.**

We are talking about tens (if not hundreds) of kilograms of tsarist gold in the safes of foreign banks, about plots of land and structures belonging to prerevolutionary Russia and the Soviet Union, about property that went to the USSR in accordance with an agreement after the victory over fascist Germany, about a share of the facilities constructed with Soviet aid in developing countries, about shares of banking capital, and even about the property of nongovermental companies abroad.

The authors of that draft law propose a simple solution. According to the text, the Russian Federation is declared the owner of property abroad, regardless of former ownership. At the same time, this property passes into the exclusive jurisdiction of the so-called "Russian Agency of Federal Property Abroad." It becomes the manager of that property abroad. Revenues from the use of such property are transferred to a special nonbudgetary fund "in the interests of all the people."

In other words, it is proposed to nationalize all that is "ours," belonging to the current Russian structures, the former USSR, and tsarist Russia from the times of Ivan the Terrible, or even earlier—everything. For purpose of illustration, comments on the document cite some concrete examples.

It turns out that we should have long ago reclaimed "a little bit of Switzerland." The point is that at one time the St. Petersburg Marinskiy Theater received as a gift part of the Lake Geneva area, with a park and a castle. An appealing idea. But claiming what is "legally ours" it would also be logical to recognize claims against us. In that case it would be necessary to sacrifice part of the current Russian mission at the UN in Geneva, which was occupied by Latvia before the war.

The greatest longings are apparently for the gold that is deposited in banks of a number of European countries as well as Japan since the days of the civil war and even earlier. But is it possible to reclaim, let us say, several tens of kilograms of tsarist gold from the Bank of France? In principle, yes, even though that question is connected with bonds issued by the tsarist government. At one time they were deposited in a number of European countries. Under Gorbachev, we recognized the problem of tsarist debts, and agreements were later signed with Switzerland and France preventing mutual claims on these debts and the gold.

But there is no such agreement with France, where a lion's share of tsarist loans were made. Therefore, as soon as a unilateral decision is made to the effect that our property in the form of gold is on deposit at the Bank of France, it will be necessary to also recognize the tsarist bonds, together with all those years of interest. According to calculations made by the French Association of Holders of Russian Bonds, we will owe the French around a trillion francs. It is doubtful that our gold is worth any more than that.

The aspiration to nationalize everything without exception is fraught with unexpected collisions not only in the foreign arena, but also at home. Why not take a look at the holy places of the Orthodox Church in Jerusalem, the authors of the draft law believe, since they consist of specific structures and square meters of land area? It is true, we have serious rights to that property. But which ones of us: the state or the Russian Orthodox Church, which initially owned a large part of the churches and structures in Jerusalem? Judging by the statements of V. Lisichkin (LDPR), chairman of the Committee on Property, Privatization, and Economic Activity, this is not an urgent question, since it was decided to nationalize.

It is proposed to deal with the AvtoVAZ [Volga Automotive Plant] facilities in an even more decisive manner. In the explanatory note to the draft, there is a direct reference to the vast facilities for production of spare parts and repair of the Lada car built by that joint-stock company in Finland. It turns out that now it is necessary to take away the service network located abroad from AvtoVAZ, which is itself being privatized, even though it has already obtained millions of dollars in credit on the basis of that property.

The draft law also does not overlook deposits in Russian banks abroad, which are likewise subject to nationalization. What will that lead to? To a situation where as a result of such action a bank will appear somewhere in Paris in which 70 percent of the deposits belong to one depositor—the Agency of Foreign property mentioned above. At the same time the laws of many countries, including those in France, do not permit monopolization of banks, which must remain of the joint-stock type.

To avoid having the reader think that the author is prejudiced against the proposed draft law, I will note that the Legal Administration of the State Duma gave a negative evaluation of it. That document was criticized by the State Committee on the Administration of State Property, as well as by a number of Duma factions.

The most important criticism is that the draft contradicts existing legislation and, in part, the Constitution of the Russian Federation, in accordance with which the management of federal property, including that located abroad, is under the jurisdiction of the Government of the Russian Federation and therefore cannot be placed under an agency created outside of the executive power structure.

Baltic States' Defense Ministers Sign Cooperation Accord

WS2802123595 Vilnius ELTA in English 1833 GMT 27 Feb 95

[From "News Bulletin" No. 702]

[FBIS Transcribed Text] Vilnius, February 27, ELTA—Defence Ministers of the three Baltic states Linas Linkevicius, Janis Arveds Trapans and Enn Tupp on Monday signed an agreement on defence and military relations cooperation.

"Our cooperation is the only way to practically approach the European security system", Lithuanian Defence Minister Linas Linkevicius said during the press conference that took place after signing the agreement.

He stressed that the cooperation in the defence sphere among Lithuania, Latvia and Estonia had already been lasting for several years, but any official document, stating all the aspects of this partnership, had been signed up till now.

The agreement noted that Lithuania, Latvia and Estonia's cooperation would guarantee security in the Baltic region and around it. The three coutries would share their experience in the spheres concerning the work of the Defence Ministries, formation and training of the armed forces. The three states would look for shorter ways leading towards integration into European military and political structures.

The agreement foresaw co-operation in working on a common air defence system and seeking common standards for communications. The document also included joint efforts to formation of the peace- keeping battalion BALTBAT. The agreement foresaw standartization of weapons and other equipment of the military forces of the Baltic States.

Monday morning the three Defence Ministers—Linkevicius, Trapans amd Tupp—were received by Lithuanian President Algirdas Brazauskas.

After signing of the agreement and giving the press conference the ministers went to headquarters of the Voluntary Defence Service.

Later they put flowers at the TV tower in Vilnius.

Baltic States Issue Joint Memorandum on Chechnya Crisis

WS0103131295 Tallinn BNS in English 1822 GMT 28 Feb 95

[FBIS Transcribed Text] Vilnius, Feb 28, BNS—Baltic lawmakers have prepared a memorandum on the crisis in Chechnya and its right to self-determination, Lithuanian MP Algirdas Endriukaitis told reporters Tuesday [28 February].

Endriukaitis, who coordinates the work of Estonian, Latvian and Lithuanian groups for parliamentary relations with Chechnya, said the memorandum would be presented to world governments, parliaments and international organizations.

The four-page document reviews "the historic struggle of the Chechen nation for its freedom and the legal basis of its independence declaration."

"Baltic groups for parliamentary relations with Chechnya maintain that the West does not analyze, deliberately hushes up and evades the main problem of Chechnya—the nation's right to self-determination, and by making up to Russia carries out an amoral policy," Endriukaitis said.

ITAR-TASS Carries Press Review for 2 Mar

LD0203070995 Moscow ITAR-TASS in English 0545 GMT 2 Mar 95

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow March 2 TASS—Today's Russian press continues to give extensive coverage to the situation in the Chechen Republic. The TRUD newspaper carries an interview with Air Force Commander-in-Chief Petr Deinekin who describes General Dudayev the following way: "The collapse of the Soviet Union, changes in our society and other things, especially the fact that he (eds: Dudayev) returned home after a nearly 20-year absence, sharply changed his ideas, position and character.

"This is understandable after all: the entire Moslem world knows well the participation of Dudayev and his division in air raids in Afghanistan, especially during the withdrawal of Boris Gromov's 40th Army from there, as well as the fact that he was awarded an order and the title of a general. He decided to change his image."

An interview by director of the Federal Counterintelligence Service Sergey Stepashin featured by the IZVESTIYA newspaper deals with the same topic. Appraising prospects for talks with the Chechen side, he says that no mediators are needed. In Stepashin's opinion, only the Russian Government can conduct talks, relying on power-wielding structures.

At the same time, Stepashin said: "I do not consider myself an enemy of the Chechen people and have grounds to believe that Chechens do not regard me as their adversary".

IZVESTIYA also features an opinion by Andrey Illarionov, director of the Economic Analysis Institute, who writes that "Russia spends 60 million U.S. dollars a day for the military operation in Chechnya. The country has already spent 5 billion dollars".

The KOMSOMOLSKAYA PRAVDA newspaper runs an interview with General Aleksandr Lebed, commander of the 14th Russian Army, who states that "if the

Russian leadership continues to conduct the same policy, Chechnya is only 'the first sign'.

"I know for sure," he says, "that aviation, artillery and tanks do not restore constitutional law and order." According to Lebed, "everything has been done now" for Chechnya to secede from Russia.

The KRASNAYA ZVEZDA newspaper devotes two pages for speeches by Defence Minister Grachev and General Kvashnin delivered at an ongoing meeting of Russian military leaders in Moscow. The meeting examines preliminary results of combat operations in the Chechen Republic to restore the constitutional system there.

The NEZAVISIMAYA GAZETA newspaper writes that rumours are circulating concerning a resignation of Russian Foreign Minister Andrey Kozyrev.

"Talkative foreign office staff members, feeling that the minister hurriedly but not very luckily tries to follow the new course of the presidential foreign policy—to run from the West,—readily provide journalists with confidential information."

According to the newspaper, Yevgeniy Primakov (head of the Russian Foreign Intelligence Service) or Andrey Kokoshin (deputy defence minister) can be appointed to the post of foreign minister.

The PRAVDA nespaper runs an interview with Chuvashia President Nikolay Fedorov who, asked about his possible participation in the 1996 nation-wide presidential race, replied the following: "I'd like to see a man at the helm of Russia who values legal approaches to policy. There are such people among presidential candidates".

TRUD carries an interview with Mexican Ambassador to Russia Jose Arturo Trejo Nava who said the following concerning the development of economic cooperation between the two nations: "To my mind, very many possibilities have not been used.

"The volume of trade between our countries has dropped as against the Soviet period. This is true, above all, of Mexican export. Russian export almost completely consists of equipment deliveries for our hydropower stations. Incidentally, as far as I know, the deliveries are made under a project with a German firm."

No Response Yet From Clinton To Yeltsin Invitation

LD0103132795 Moscow ITAR-TASS in English 1238 GMT 1 Mar 95

[By ITAR-TASS correspondent Andrey Storch]

[FBIS Transcribed Text] Moscow March 1 TASS—U.S. President Bill Clinton has not answered the invitation of Boris Yeltsin to come to Moscow to attend celebrations of the 50th anniversary of the victory in World War II, presidential spokesman Vyachslav Kostikov told reporters today.

Kostikov said he thought the "American administration is studying this question". Invitations have been sent to all leaders of former member states of the anti-Hitler coalition, and Moscow expects that most will be accepted, Kostikov said.

Certainly, there will be no offence if some time-pressed leader cannot come to Moscow, Kostikov said, adding that the the scale of celebrations will not leave the absence of a prominent politician unnoticed by Russians.

Iraq To Cooperate With Russian Commission on Missing People

LD0103200095 Moscow ITAR-TASS World Service in Russian 1309 GMT 1 Mar 95

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Translated Text] Moscow, 1 Mar—An official Iraqi Foreign Ministry spokesman has confirmed Baghdad's preparedness to cooperate with the commission under the Russian president, headed by General Dmitriy Volkogonov, on prisoners of war, interned and missing persons "in order to obtain a picture of truthful reality" regarding the fate of the Kuwaiti citizens who disappeared without trace in 1991 during the Gulf War. This is written in a statement by the Iraqi embassy in Moscow following the general's recent pronouncements. ITAR-TASS received the statement today.

At the same time, the document remarks, Iraq categorically denies any direct link between Baghdad recognizing the existence of the problem of missing Kuwaitis and the issue of lifting the sanctions. The relevant resolutions of the U.N. Security Council confirm the absence of such a link, the Iraqi Foreign Ministry official representative stressed. According to him, the problem of missing persons was not discussed in this aspect during the recent talks in Baghdad between Iraqi Foreign Ministry representatives and members of Volkogonov's commission.

Also, the statement disagrees with General Volkogonov's assumption that Iraq was still detaining a number of Kuwaiti citizens. According to the Iraqi Foreign Ministry's spokesman, there are none there. As regards missing persons, the International Committee of the Red Cross and a special trilateral international commission are now actively investigating their fate. Iraq is ready to cooperate further with Russian mediators in solving the problem and does not mind their visits to any detention centers of their choice.

UN Commission for Disarmament of Iraq Due To Arrive

LD0103181895 Moscow INTERFAX in English 1658 GMT 1 Mar 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—Head of the U.N. Special Commission for Disarmament of Iraq Rolf Ekeus will arrive in Moscow today, Deputy Russian Foreign Minister Viktor Posuvalyuk told Interfax today.

In his words, "Moscow is looking forward to a meeting with Ekeus and expects him to give an objective estimation of long-term monitoring over the Baghdad fulfillment of the disarmament requirements of the United Nations Security Council and its elimination of mass destruction armaments."

The Deputy Minister said that after negotiations with the commission head to be held on Thursday and Friday in Moscow, the Russian side plans to inform the Iraqi side of their results.

In the words of Posuvalyuk, the Moscow visit of Ekeus attached special importance to Tuesday's negotiations of the Russian Foreign ministry with Deputy Iraqi Foreign Minister Riyad Keisy and General Amer Rashid who is heading the military-industrial commission in charge of Baghdad elimination of mass destruction weapons.

In his words, the Iraqi representatives voiced " their determination to continue cooperation with the Ekeus commission and ensure its activities, as well as inspections at various Iraqi facilities."

"The Iraqi side offered detailed information on functioning of the system of long-term monitoring adjusted by the United Nations with the Iraqi assistance," noted Posuvalyuk.

He said that the "Russian side called on Iraq to continue cooperation with the U.N. special commission and said that this cooperation should aim at the elimination of remaining blank spaces as regards the previous military programs of Baghdad."

Posuvalyuk stated that "since the moment of Iraqi recognition of international borders and sovereignty of Kuwait, the political and psychological atmosphere around the Iraqi problem has started to considerably change."

"On one hand, Moscow continues to urge honest, full and timely fulfillment of U.N. resolutions on the part of Iraq and notes considerable progress in this area. On the other hand, we stand for an adequate U.N. reaction to positive steps of Baghdad."

The diplomat said that the Moscow negotiations dealt with the Baghdad return of Kuwait property and clarification of the fate of Kuwaiti MIA. The discussion did not "mechanically link these questions" with the cancellation of oil embargo on Iraq. "The Russian side stressed the need for the soonest settlement of these problems," said Posuvalyuk.

In his words, Moscow will inform the Kuwaiti side on results of this conversation.

Commenting on a trip of U.S. permanent representative to the United Nations Madeliene Albright to several states-members of the U.N. security Council in order to gain their support of the need to preserve sanctions against Iraq, Posuvalyuk said he "understands the wish of Washington to convince of its reasons the states which have a weighty opinion of the Iraqi file in the U.N. security Council."

At the same time, the deputy minister stressed the impossibility to live on principle "everything or nothing." "Positive steps taken recently by Baghdad must be followed by a corresponding reaction of the international community. What is more, one cannot close one's eyes to the deteriorating humanitarian situation in Iraq, especially in the sphere of food and medicines," he added.

In the words of the diplomat, Moscow counts on the soonest exchange of opinion on the Iraqi problem with the U.S. side.

Official representative of the Russian Foreign Ministry Mikhail Demurin told a briefing in Moscow today that the Russian-Iraqi consultations in Moscow focused on "fulfillment of the disarmament provisions of resolutions 687 and 715 of the United Nations Security Council."

In his words, "the Russian side reaffirmed the importance to preserve positive interaction between Iraq and the special commission of Ekeus in finalization of the system of permanent observation and control. This would create favorable conditions for the fulfillment of item 22 of resolution 687 that provides for a possibility to cancel the ban on Iraqi imports, primarily those of oil."

Moscow Holds Consultations With Iraq on UN Resolutions

LD0103191595 Moscow ITAR-TASS in English 1844 GMT 1 Mar 95

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Transcribed Text] Moscow March 1 TASS—Russia and Iraq held two-day consultations here to discuss the implementation by Baghdad of the disarmament provisions of U.N. Security Council Resolutions #687 and #715.

The consultations were attended by head of the Iraqi Commission for Military Industry Amir Rashid, Iraqi Deputy Foreign Minister Riad al-Qaisi [name as received] and Russian Deputy Foreign Minister Viktor Posuvalyuk, spokesman for the Russian foreign minister Mikhail Demurin said on Wednesday.

The Iraqi delegation informed the Russian side about the functioning of a long-term monitoring system in the biological, chemical and rocket spheres, as well as about the talks recently conducted in Baghdad by Rolf Ekeus, executive chairman of the U.N. ad-hoc commission set up to oversee the elimination of the Iraqi weapons of mass destruction and missile equipment. The delegation stressed that Iraq was ready to continue a full-scale cooperation with this commission and to provide favourable conditions for its activity at various facilities. Baghdad representatives expressed hope that the remaining questions concerning Iraq's former military programmes would be finally "closed" shortly.

The Russian side pointed to the importance of cooperation between Iraq and the U.N. commission in completing the system of permanent monitoring and control. This can create favourable conditions for implementing Paragraph 22 of U.N. Security Council Resolution #687, providing for lifting the "oil embargo" against Iraq.

The consultations also dealt with other aspects of the post- crisis settlement in the Gulf zone, the spokesman said. In particular, the Russian delegation again stressed the need for Iraq to meet all the requirements of the world community, especially those to clarify the fate of missing Kuwaiti citizens and to return Kuwaiti property. If these issues are solved, the Security Council could take it into consideration when discussing the Iraqi problem.

Demurin also reported that the Iraqi delegation had been received by Russian First Deputy Foreign Minister Igor Ivanov, who pointed to the importance of the consultations ahead of the proposed visit to Moscow by Ekeus and the forthcoming debates over the "Iraqi file" in the U.N. Security Council.

Moscow To Discuss Iraq With U.S. Officials Shortly

LD0103175295 Moscow INTERFAX in English 1623 GMT 28 Feb 95

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—Moscow expects to be able to exchange views on Iraq with U.S. officials very shortly, Deputy Foreign Minister Viktor Posuvalyuk told Interfax Wednesday [1 March].

He said that he understood the desire of Washington to win the support of countries carrying considerable weight in the UN Security Council, which was why the U.S. Ambassador to the UN Madeleine Albright was touring Security Council member nations.

Posuvalyuk emphasized, however, that the "all or nothing" principle did not usually work. He argued that the world community should respond appropriately to the positive steps taken by Baghdad. Posuvalyuk said that one should not ignore the humanitarian situation in Iraq which deteriorated daily, especially as far as food and medicines were concerned.

He spoke in detail of the recent Russian-Iraqi consultations in Moscow attended by Iraqi Deputy Foreign Minister Riyad Qeisi and General Amer Rashid, who heads the defense industry commission which is in charge of eliminating weapons of mass destruction by Iraq.

Posuvalyuk said that the Iraqi officials had reaffirmed their country's commitment to cooperation with the UN Commissioner Rolf Ekeus's special commission on disarmament of Iraq, in particular enabling it to inspect various Iraqi installations.

He said that the UN Security Council would analyze the Iraqi compliance with UN resolutions and hear the latest twice-annual report by Ekeus in March.

Posuvalyuk argued that since the time when Baghdad recognized Kuwaiti international borders and sovereignty, "the political and psychological atmosphere around the Iraqi issue has begun to change significantly."

Accord With FRY Will Not Take Effect Until Sanctions Lifted

LD0103181195 Moscow INTERFAX in English 1658 GMT 1 Mar 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—Moscow and Belgrade signed a military cooperation agreement on Tuesday [28 February], a senior Russian diplomat said.

But the accord, signed in Moscow by the defense ministers of Russia and Serbian-led Yugoslavia, Pavel Grachev and Pavle Bulatovic, will not take effect before the international sanctions against Belgrade and the arms embargo against former Yugoslav republics are lifted, the diplomat told Interfax on Wednesday.

He said the document made no provision for sales of Russian weapons to rump Yugoslavia. "The agreement is more like a protocol," he said. "The defense ministries of the two countries agreed to cooperate in the training of personnel, to exchange high-level delegations, etc."

The accord "is directed into the future," the diplomat continued. "Russia is interested in Yugoslavia's coming back into the international community. We hope the agreement brings it forward," he said.

He said he thought it would be "premature" to sign a full-scale military agreement. "What would be the optimum thing to do is to first of all have the sanctions against Belgrade lifted and only after that sign such documents," he said.

Moscow Concerned at Pyongyang's Actions in North Korea

LD0103180495 Moscow INTERFAX in English 1623 GMT 1 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—Moscow is concerned about the actions of North Korea aimed at dismantling the present armistice system in Korea, Russian Foreign Ministry spokesman Mikhail Demurin told a briefing in Moscow today.

He said Pyongyang's intention to replace the very outdated agreement on armistice in Korea signed in 1958 with another mechanism was quite understandable. "Nevertheless, the agreement remains today the only internationally recognized instrument for maintaining peace and security on the Korean peninsula," Demurin said. "That is why we believe that the existing armistice system must be maintained until a new peace structure is created, taking into consideration the interests of all parties concerned," he added.

Moscow Expects Swift Ratification of Border Deal With China

LD0103172895 Moscow ITAR-TASS in English 1705 GMT 1 Mar 95

[By ITAR-TASS diplomatic correspondent Andrey Kirillov]

[FBIS Transcribed Text] Moscow March 1 TASS—The Russian Foreign Ministry said on Wednesday [1 March] it expects no problems with the ratification by the Russian State Duma of an agreement on the western section of the Russian-Chinese border.

A high-ranking Russian diplomat told ITAR-TASS that unlike the 4,300 kilometer eastern section of the border, an agreement on which was reached in 1991, its 54-kilometer western section "does not cause any disputes or doubts."

He recalled that the execution of these two agreements on the Russian-Chinese border will resolve the border issue "by 98 per cent."

There are only three disputed parts of the border left, two near Khabarovsk and the Island of Bolshoy on the River Argun.

At the same time, the administration of the Russian Maritime Region has called for the denunciation of the 1991 agreement and has been consistently trying to torpedo the demarcation work under it.

Earlier this week, the Russian Foreign Ministry warned of a serious risk of a setback in relations between Russia and China and return to the confrontation of the 1960's unless the Russian regional authorities stop their demands for the denunciation of the 1991 agreement on the demarcation of the border between the two countries.

"It needs to be said frankly that such a danger does exist," Deputy Foreign Minister Aleksandr Panov said. He stressed that the Russian Foreign Ministry's position remains unchanged—"any denunciation of the agreement by the Russian side is out of the question. Russia will strictly abide by this agreement."

Panov brushed off assertions that the demarcation of the border with China will lead to unilateral territorial concessions on the part of Russia, adding that part of the areas currently controlled by China will be handed over to Russia, including rich farmlands.

The deputy minister pointed out that the ministry's principled position "allows (us) to contain the negative reaction of the Chinese side." At the same time, he admitted that "already at this stage, the negative reaction of the Chinese side has manifested itself in a number of statements made via diplomatic channels and at talks."

There have also been reports that China is considering a possible response, including measures to curtail trade and economic cooperation with the Maritime Region.

"This could be only the first negative steps and it is easy to imagine what they will lead to if we pursue the path proposed by the administration of the Maritime Region... Tension may start to grow like a snowball and lead to a situation which we already had in the 1960's and which took us over 20 years to resolve," Panov said.

The Russian Foreign ministry's careful and well-balanced approach to the problem of border demarcation seems to be shared by the Chinese side. A high-ranking Chinese official in Moscow told ITAR-TASS that China "keeps its mouth shut for the time being... Seeking to avoid a polemic with Russia."

Kozyrev Holds Talks in Beijing With PRC's Qian Qichen

LD0103223295 Moscow ITAR-TASS World Service in Russian 1333 GMT 1 Mar 95

[By ITAR-TASS correspondents Grigoriy Arslanov, Vyacheslav Tomilin, and Viktor Khrekov]

[FBIS Translated Text] Beijing, 1 Mar—Talks between Russian Foreign Minister Andrey Kozyrev and PRC Foreign Minister Qian Qichen began today with a one-to-one conversation in Beijing's (Diaoyutai) residence for honored guests. The main focus of attention was a discussion of various aspects of cooperation between the two states on the most acute international problems.

At the talks which took place with a large group of participants it was stressed that since the last meeting between the ministers, relations between the Russian Federation and the PRC have been developing steadily and dynamically, and it was agreed that this is in accord with the spirit and the letter of the Russian-Chinese declaration. Andrey Kozyrev noted that it has become a good tradition to hold such talks at the start of the year and to draw up a program of bilateral contacts for the immediate future. The next meeting between the ministers may be held in Moscow before the end of this year.

Questions of continuing the political contacts between the two countries at high level and at summit level were discussed. Confirmation was given of the Russian side's readiness to receive PRC Premier Li Peng in the second half of May.

The ITAR-TASS correspondents were told by a Russian diplomat accompanying Andrey Kozyrev: "The foreign ministers consider that the task now is to fill Li Peng's visit with very specific bilateral documents, primarily with agreements on the development of trade and economic cooperation."

The Chinese side confirmed the invitation to Russian President Boris Yeltsin to pay an official visit to the PRC in the second half of this year.

During the talks, the question of the participation of high-ranking Chinese representatives in the celebrations in Moscow to mark the 50th anniversary of the end of World War II was discussed.

The sides noted the need to step up the work of the bilateral commission on trade and economic cooperation.

Among the specific problems of Russian-Chinese relations, there was a discussion of a range of questions linked with the strengthening of mutual trust, security, and cooperation in border regions. Andrey Kozyrev stressed that "in spite of some statements by individual Russian spokesmen with regard to a revision of the legal documents concerning the eastern sector of the border, decisions in the Russian Federation are taken and implemented by the state."

"Our attitude to the agreements which have been concluded remains unshakable," the minister noted.

The participants in the talks also discussed the possibility of opening new consular offices in both countries, as well as property questions.

The Russian minister explained Moscow's approach to the problem of ensuring security in Europe and the expansion of NATO.

Emphasis was placed upon Russia's interest in cooperation with China on various aspects of the situation in the Asia-Pacific region.

Army General Boris Gromov, who is a member of the delegation, had a meeting with representatives of the PRC Defense Ministry.

Says Border Treaty Will Stand

LD0103183395 Moscow Radiostantsiya Ekho Moskvy in Russian 1605 GMT 1 Mar 95

[FBIS Translated Text] Talks began in Beijing today between Russian Foreign Minister Andrey Kozyrev and Chinese leaders. Particular attention was paid to the situation on the far eastern sector of the border. I remind you that the authorities of Maritime Territory have expressed their opposition to the treaty with China and the transfer to that country of several thousand hectares of land.

Speaking in Beijing, Kozyrev reiterated that the Russian Government holds to its existing position and that the treaty with China will stand.

Yeltsin Sends Border Agreement With PRC for Ratification

LD0103134195 Moscow ITAR-TASS in English 1218 GMT 1 Mar 95

[FBIS Transcribed Text] Moscow March 1 ITAR-TASS—President Boris Yeltsin has sent a letter to State Duma Chairman Ivan Rybkin.

The text of the letter was received by ITAR-TASS today from the presidential press service.

The president says in the letter that he is sending for ratification by the State Duma the agreement on the Western segment of the Russian-Chinese border which was signed in Moscow on September 3, 1994.

The letter indicates that the agreement specifies the border line between the two states and "serves the interests of the Russian Federation".

The president also informs that China ratified this agreement in end-1994.

The presidential letter says that this agreement supplements the earlier Russian-Chinese agreement on the eastern part of the border, signed on May 16, 1991, and in fact finishes judicial arrangements for the entire Russian-Chinese border.

Franch-Russian Trade Cooperation Talks Begin

LD2802134295 Moscow ITAR-TASS in English 1251 GMT 28 Feb 95

[By ITAR-TASS correspondent Mikhail Kalmykov]

[FBIS Transcribed Text] Paris February 28 TASS—A session of the Franco-Russian council for economic, financial, industrial and trade cooperation opened here on Tuesday [28 February].

The session began with a meeting between the co-chairmen of the council—Russian Vice-Premier Sergey Shakhray and French Economics Minister Edmond Alphandery. They conceptually discussed the development of trade-and-economic relations between the two countries, informed sources have told ITAR-TASS.

Widely-representative delegations, including ministerial and business leaders, are to discuss financial problems, sectoral cooperation, including that in the oil and gas sector, metallurgy, the space industry, agriculture, telecommunications, and transport, to consider technical assistance and the training of personnel and study a number of specific joint projects.

The council went into session, admittedly, after a certain pause in the two countries' economic relations. Therefore, it is essential to show that the governments of the two countries are prepared to assist entrepreneurs, producers and businessmen in establishing economic cooperation, Shakhray has told ITAR-TASS.

Russian Agriculture Minister Begins Talks in U.S.

LD0103180095 Moscow INTERFAX in English 1623 GMT 1 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—Russian Agriculture Minister Aleksandr Nazarchuk began a week-long visit to the U.S. today.

He is scheduled to meet with the leaders of the U.S. department of Agriculture and the World Bank.

A high-ranking official from the Russian Agriculture Ministry, who took part in preparations for the visit, told Interfax that the schedule of the visit did not provide for official talks on the import of U.S. grain. He said the main problem for Russia at present was to carry out spring sowing rather than import grain.

Earlier, President of the Roskhlebprodukt federal contract corporation Leonid Cheshinskiy told Interfax that the Russian delegation was not scheduled to hold any specific talks on grain purchase with the U.S.

The Russian Agriculture Ministry's officials said the main purpose of the Russian delegation's visit was to sign new documents defining the legal-contractual basis of U.S.-Russian cooperation in the agricultural area. (The terms of nearly all previously signed agreements have expired.)

On the other hand, the Russian delegation is going to learn from U.S. experience in state regulation of the agricultural-industrial complex, bank services for the agricultural sector, etc.

Nazarchuk will discuss with the World Bank possible use of the $240-million credit granted for support of Russian agriculture. The credit is expected to be spent on creating in the agricultural-industrial complex the necessary market infrastructure and developing seed production. The Russian delegation also seeks to discuss the World Bank possibly granting another $500 million for creating systems for producing, processing and selling food in six Russian regions.

Russian Deputy Prime Minister Aleksandr Zaveryukha told Interfax in February that Russia could import up to 2 million tonnes of food wheat this season.

Russian Economics Minister Yevgeniy Yasin said he believed that the wheat shortage would be at least 3.5-4 million tonnes. He warned that some Russian regions could already face wheat shortage this March.

Grachev, Yugoslav Defense Minister Sign Agreements

LD0103125495 Moscow ITAR-TASS in English 1215 GMT 1 Mar 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow March 1 TASS—A three-day official visit to Moscow of Pavle Bulatovic, defence minister of the union Republic of Yugoslavia, has ended with the signing of an agreement on cooperation in the military sphere between the Defence Ministries of the Russian Federation and the union Republic of Yugoslavia. The sides agreed that it would come into force after the lifting of sanctions of the U.N. Security Council against Yugoslavia. The Yugoslav minister leaves for home today in the afternoon.

Pavle Bulatovic discussed with Pavel Grachev problems dealing with European security, the relationship between Russia and NATO in modern conditions, the situation in the Balkan peninsula and ways of settling the conflict in the region.

The future of Russian peacekeeping troops on the territory of former Yugoslavia featured prominently at the talks. During the discussion of that problem Grachev pointed out that the time had come to analyse in detail all its aspects, in order to decide whether or not it is expedient to continue to keep the Russian troops in the Balkan peninsula.

Grachev stressed that he supported the ealy lifting of the sanctions, because Yugoslavia had complied with all the terms for it, and now it is a factor of peace in the Balkan peninsula. Yugoslavia is Russia's partner of long standing, and we hope for close cooperation in all spheres, Grachev said.

During his visit Bulatovic had meetings with Foreign Minister Kozyrev, Chairman of the State Duma Ivan Rybkin and Chairman of the Federation Council Vladimir Shumeyko.

After the end of his talks with the Russian defence minister Pavle bulatovic Told journalists that "our two nations laid the foundation for cooperation at an early stage of our history. We can cooperate no worse than they did."

There were no serious differences on all the issues, submitted for discussion, a source from the Russian Defence Ministry said.

U.S. Sends First START Inspectors To Moscow, Ukraine

LD0103143795 Moscow INTERFAX in English 1421 GMT 1 Mar 95

[FBIS Transcribed Text] MOSCOW, Feb 28 (Interfax)—To make sure that Russia and Ukraine comply with the provisions of the START-1 treaty, the United States is sending a special mission to several of the former Soviet republics. The mission, first of its kind, is arriving in Moscow Wednesday [1 March].

The treaty on the reduction of the strategic offensive weapons was signed by the Soviet Union and the United States on July 31, 1991. The US inspectors intend to verify the basic data on the strategic offensive weapons. It will take them four months to carry out 56 inspection raids in Russia and familiarize with the situation at five Russian Army bases in Belarus and Kazakhstan.

The inspectors will also visit army facilities in Ukraine.

The press and information department of the Russian Defense Ministry told Interfax that the START treaty allows seven years for the reduction, to 1600 pieces, of the national stocks of intercontinental ballistic missiles (ICBM), submarine-launched ballistic missiles (SLBM) and heavy bomber planes.

As of September 1, 1990 (the day of the formal exchange of basic data on the Soviet and US arsenals), the Soviet Union possessed 2500 ICBM and SLBM carriers and heavy bomber planes, and 10,271 pieces of appropriate propellant charges. The United States had 2246 carriers and 10,563 propellant charges.

The treaty envisages several control mechanisms, including the use of national means of technical control, field inspections and non-stop monitoring of the missile plants.

Moscow, EU To Cooperate More on Nuclear Safety

LD0103183995 Moscow INTERFAX in English 1623 GMT 1 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—Russia and the EU will cooperate more actively on increasing safety on Russian nuclear electric power stations within the scope of the TACIS [expansion unknown] program of technical assistance to the ex-Soviet republics.

The corresponding agreement was registered in the Memorandum signed by Russian Nuclear Energy Ministry Viktor Mikhaylov and member of the EU Commission Hans van den Broek in Brussels on February 27, 1995.

The Russian Nuclear Energy Ministry's press service told Interfax today that the main purpose of such cooperation would be to increase the safety levels at Russian nuclear electric power stations and other civil nuclear facilities, including the plants for fuel cycle and dealing with waste.

Western experts said the Memorandum would give European companies more access to work for increasing safety levels at nuclear power stations. At the same time, the Memorandum legally limits the responsibility of European companies for possible accidents on nuclear plants. Earlier, this unsettled issue was hindering the participation of foreign contractors in carrying out orders for Russian nuclear electric power stations.

Foreign Ministry Perplexed Over Perry's Recent Statement

LD0103210595 Moscow ITAR-TASS World Service in Russian 1314 GMT 1 Mar 95

[By ITAR-TASS diplomatic correspondents Valeriy Sevryukov and Vladimmir Suprun]

[FBIS Translated Text] Moscow, 1 Mar—The Russian Foreign Ministry does not intend to become involved in polemics over the recent statements by U.S. Defense Secretary William Perry on nuclear arms reduction issues, and intends to attribute the tone of his statement to the audience that he was addressing. This was said at the briefing given today by Mikhail Demurin, the Russian Foreign Ministry official spokesman.

Addressing an American Legion conference on Monday, William Perry noted that "the Soviet nuclear complex is like a Hydra, the multiheaded monster of Greek mythology. It is useless simply severing its warheads. The monster itself needs to be destroyed. Otherwise new warheads will appear."

Answering a question from the ITAR-TASS correspondent, M. Demurin said that the tone of the U.S. minister's address caused perplexity at the Russian Foreign Ministry for at least two reasons. "First and foremost," he noted, "this statement is in sharp contrast with what the U.S. has been saying to us at official talks on this issue. Second, we think that at the level of minister of a great power, when it is a question of such a key international matter and indeed on all other occasions, it would have been more fitting to use different phraseology."

As for the essence of the matter itself, we have been tackling and will continue to tackle the whole complex of issues regarding nuclear arms reductions and other issues concerning bilateral relations with the USA and other countries on the basis of reciprocity and equality. That is precisely the basis on which these matters were considered at the last summit meeting, the Russian Foreign Ministry official spokesman pointed out.

Chernomyrdin Meets British Prime Minister Major in London

LD0103174695 Moscow ITAR-TASS in English 1613 GMT 1 Mar 95

[By ITAR-TASS correspondents Vladimir Voronkov, Gennadiy Yezhov and Nukolay Pakhomov]

[FBIS Transcribed Text] London March 1 TASS—British Prime Minister John Major and his visiting Russian counterpart Viktor Chernomyrdin met for talks here on Wednesday.

"I believe today's talks are to lay a solid basis for the next stage of a bilateral political dialogue", the Russian premier said in a press release after the talks.

"I think we have managed to find the right tone. Confidence and openness, in combination with a well-balanced approach, create an effective formula of interaction both in international affairs, and in solving specific issues of bilateral relations", Chernomyrdin noted in the press release.

The two prime ministers exchanged opinions on the internal political situation in Russia and Great Britain, the document said. Despite the thorny conflict in Chechnya, which the Russian leadership now makes attempts to settle at the negotiating table, most Russian citizens are engaged in peaceful and creative labour, Chernomyrdin emphasised. They are largely concerned over the economic situation in the country. And the main task of the Russian Government now is to create initial conditions for future economic growth, or in other words, to build a bridge between the inflationary past and the future of investments, including British ones, the Russian premier added.

Also discussed in detail was the international situation, above all prospects for European security. Russia's attitude is that nobody should be isolated from decisions about Europe's fate. It is especially important for Russia, which is not a member of such European structures as EC and NATO, Chernomyrdin stressed.

Assures UK Bankers of Commitment to Reform

LD0103222595 Moscow ITAR-TASS in English 2203 GMT 1 Mar 95

[By ITAR-TASS correspondents Vladimir Voronkov, Gennadiy Yezhov and Nikolay Pakhomov]

[FBIS Transcribed Text] London March 1 TASS—Russian Prime Minister Viktor Chernomyrdin met with British bankers and financiers on Wednesday [1 March] to assure them that Russia remains committed to democracy and reform.

He said that despite current difficulties the Russian Government continues the policy of economic liberalisation. Now that the first stage of the privatisation programme has been completed, the government intends to steer the course of a tough fiscal policy, he said.

He said the government plans to reach stabilisation and renew economic growth within the next 12-18 months and views this as a top priority.

He thanked the British Government and business circles for support and assistance in mobilising the international community to pursue business activities with Russia more actively. "We hope, and today's talks with John Major have confirmed this, that such support will continue in the future," he said.

Speaking about the former Soviet Union's debt, Chernomyrdin said that on Tuesday Russia and the Bank of England signed an agreement, under which the latter will act as an authorised representative with respect to 500 million U.S. dollars to be paid to commercial banks that acted as creditors of the former Soviet Union.

The first payment of 100 million dollars was made by the Bank of England on Wednesday, he said.

The premier said that lately the flow of foreign investments in Russia has increased to four billion dollars, but Russia's needs are estimated at 10-12 billion dollars. To encourage foreign investments, the Russian Government is working out a special programme based on international obligations.

On the issue of Russia's relations with the world's leading finance institutions, Chernomyrdin expressed the hope that Russia and the International Monetary Fund (IMF) will be able to thrash out disagreements over a 6.25 billion dollar stand-by loan and reach an agreement in the first quarter of the year, which will help Russia achieve economic stabilisation.

Earlier today, Chernomyrdin and his British counterpart John Major confirmed their commitment to closer cooperation.

The almost two-hour talks focused on the economic problems facing Russia, the importance of reforms, the need to fight inflation and achieve the goals approved by the IMF.

"I believe today's talks are to lay a solid basis for the next stage of a bilateral political dialogue," the Russian premier said in a press release after the talks.

"I think we have managed to find the right tone. Confidence and openness, in combination with a well-balanced approach, create an effective formula of interaction both in international affairs, and in solving specific issues of bilateral relations," Chernomyrdin noted in the press release.

The sides also discussed ways to boost bilateral economic cooperation between the two countries and particularly the use of 800 million U.S. dollars in credit guarantees granted by the British Government.

Chernomyrdin, who is in Britain on a three-day official visit, and Major agreed to coordinate efforts to ensure the success of an upcoming conference to review the Nuclear Non-Proliferation Treaty. They also touched upon NATO's expansion to the East.

Major stressed that no final decision has been adopted as to the order and time of admission of new members to NATO and assured the Russian premier that this issue will be handled with great care in order not to endanger Russia's national interests.

During the dinner that followed the talks, Major and Chernomyrdin discussed tete-a-tete, among other things, the situation in Chechnya.

Political Issues

New Public TV Chief Found Murdered Outside Home

LD0103195395 Moscow NTV in Russian 1900 GMT 1 Mar 95

[FBIS Translated Text] Excuse me for a long video still, but an extraordinary event forced me to return to the studio. We have just received a report that tonight, at 2130 [1830 GMT], Vladislav Listyev, director of the Russian Public Television company, which is now being formed in place of the Ostankino Television company, was murdered at the entrance to his house. There are no further details at this time; more will probably be uncovered tomorrow.

Police Confirm Assassination

LD0103211995 Moscow ITAR-TASS in English 2051 GMT 1 Mar 95

[FBIS Transcribed Text] Moscow March 1 TASS—Moscow police confirmed on Wednesday a television report about the assassination of new Russian television chief Vladislav Listyev.

The report carried by independent television, NTV, earlier today said that Listyev, 38, was assassinated in the entrance to his apartment house in the centre of Moscow late on Wednesday [1 March].

City police duty officer said that Listyev was shot straight in the heart and death was instantaneous. The officer said he received a report of the accident at 21:14 [1814 GMT].

Listyev, a prominent journalist, has just been appointed executive director of Russian Public Television, the successor of the Ostankino Television and Radio Broadcasting Company, established by President boris Yeltsin's decree in 1994.

Under the decree, the controlling block of shares belonged to the government, while the remaining 49 per cent of stock capital to other shareholders, including the commercial banks Menatep, Stolichnyy, Inkombank and Roscredit, the Aeroflot international airlines, the ITAR-TASS News Agency and others.

The board of directors of Russian Public Television, which was due to start beaming from February 1, 1995, announced last week a ban on commercials effective April 1.

Igor Shabdrasulov, a member of the board of directors, said that the suspension of advertising on television aimed at "determining proper correlation between advertising on the one hand and the interest of economic development and moral criteria on the other." At the same time, he said that it was only a temporary self-restriction and that there will be no complete ban on advertising.

He said that all losses caused by the ban will be offset by private shareholders, but refused to specify the amount of such losses.

He said that the ban will not last forever. After the reorganisation the company "will cooperate with advertising agencies and directly with advertisers," he added.

Listyev is said to be one of the supporters of the ban. According to reports, the private founders of the company who own 49 per cent of the stock have agreed to pay for the losses.

However, Anatoliy Lysenko, director-general of the state-owned Russian Radio and Television Company, warned against banning tobacco and liquor commercials on channel one, saying that advertising accounts for one-third of all revenues of television companies currently operating in Russia, and it is not clear how Ostankino will do without them unless it finds additional sources of funding.

Eighty per cent of revenues are spent to maintain and repair equipment. Only 35 to 37 per cent of funds come from the federal budget, and only three out of planned 140 billion roubles have been so far earmarked for technical support, Lysenko said.

Nataliya Fonaryova, deputy chairwoman of the state anti-trust committee, said that there is still no law on advertising, and this will hamper the enforcement of the presidential decree.

Russian TV Chairman Comments

LD0103214795 Moscow ITAR-TASS in English 2126 GMT 1 Mar 95

[FBIS Transcribed Text] Moscow March 2 TASS—Aleksandr Yakovlev, chairman of the board of directors of Russian Public Television, condemned the assassination of prominent television journalist Vladislav Listyev on Wednesday [1 March].

"We must have crossed someone's path," Yakovlev, still shocked by the news, told ITAR-TASS, obviously referring to the reorganisation of the Ostankino Television and Broadcasting Company into Russian Public Television.

This and the establishment of an advertising agency, Holding Centre, within the company not only have affected someone's financial interests, but delivered a devastating blow to them, he said. "While before the establishment of Holding Centre Ostankino's centralised fund received only five billion roubles a month from advertising, this sum reached 35 billion roubles afterward. The difference must have ended up in the pockets of some moguls," he said.

Yakovlev said that he began receiving threats by telephone, following the board's decision to stop commercials on Channel One. Listyev, who was appointed executive director of newly established Russian Public Television only a few days ago, is said to be one of the supporters of the ban.

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The board of directors of Russian Public Television, which was due to start beaming from February 1, 1995, announced last week a ban on commercials effective April 1.

Igor Shabdrasulov, a member of the board of directors, said that the suspension of advertising on television aimed at "determining proper correlation between advertising on the one hand and the interest of economic development and moral criteria on the other." at the same time, he said that it was only a temporary self-restriction and that there will be no complete ban on advertising.

He said that all losses caused by the ban will be offset by private shareholders, but refused to specify the amount of such losses.

He said that the ban will not last forever. After the reorganisation the company "will cooperate with advertising agencies and directly with advertisers," he added.

Listyev is said to be one of the supporters of the ban. According to reports, the private founders of the company who own 49 per cent of the stock have agreed to pay for the losses.

However, Anatoliy Lysenko, director-general of the state-owned Russian Radio and Television Company, warned against banning tobacco and liquor commercials on Channel One, saying that advertising accounts for one-third of all revenues of television companies currently operating in Russia, and it is not clear how Ostankino will do without them unless it finds additional sources of funding.

Eighty per cent of revenues are spent to maintain and repair equipment. Only 35 to 37 per cent of funds come from the federal budget, and only three out of planned 140 billion roubles have been so far earmarked for technical support, Lysenko said.

Nataliya Fonaryova, deputy chairwoman of the state anti-trust committee, said that there is still no law on advertising, and this will hamper the enforcement of the presidential decree.

Chernomyrdin 'Deeply Shocked'

LD0203005?95 Moscow ITAR-TASS World Service in Russian 0014 GMT 2 Mar 95

[By ITAR-TASS correspondent Igor Polskiy]

[FBIS Translated Text] London, 2 Mar—"I am deeply shocked by the murder of Vladislav Listyev," Russian Prime Minister Viktor Chernomyrdin, who is in Britain on an official visit, told journalists on Wednesday [1 March] evening.

"Vlad Listyev belonged to the generation of journalists who not only wholeheartedly accepted the democratic changes in the country but had themselves also done much to see that the reforms become a reality."

"We have lost a brilliant and outstanding person whose talent had begun to show itself with fresh force in his post as one of the leaders of Public Russian Television," Chernomyrdin emphasized.

"The Russian Government", he indicated, "will do everything possible to see that the killers are found and punished. Russian journalists should know that the government will spare no effort to protect their lives and their freedom of speech from any encroachments."

TV To Relay 'Only News Bulletins'

LD0203045995 Moscow Radio Rossii Network in Russian 0200 GMT 2 Mar 95

[FBIS Translated Text] Today there will be only news bulletins on all television channels. There will not be any other programs except news bulletins. This decision was adopted at a conference of the heads of Russian Television, Ostankino, NTV, and TV-6.

The action has been taken in connection with the murder of the television journalist Vladislav Listyev. As we have already reported on Wednesday [1 March] evening, Listyev was killed by two shots at the entrance of the block of apartments where he lived. In November last year the 38-year-old Listyev was appointed general director of public television which was to be developed on the basis of Ostankino and was to start operating on 1 April this year. Listyev is survived by a wife and two children, a son and a daughter.

This evening, the program "Rush Hour", which was presented by Vladislav Listyev, will be relayed on all television channels. It will immediately be followed by another program, "The Authorities' Russia Hour" on the mutual relations between the press and the structures of authority and society.

Investigation Begins

LD0203065595 Moscow ITAR-TASS in English 0645 GMT 2 Mar 95

[By ITAR-TASS correspondent Larisa Kislinskaya]

[FBIS Transcribed Text] Moscow March 2 TASS—The murder of Vladislav Listyev is being investigated by the Moscow Criminal Investigation Department. A special section has been created within the framework of the department, which investigates so-called "broad-response crimes". Its officers investigate murders of members of parliament and well-known bankers.

Various versions are being analysed now, including a murder for reasons of everyday life, out of revenge, for political reasons and because of Listyev's professional activities, a spokesman for the Moscow Criminal Investigation Department told ITAR-TASS.

Yeltsin Sets Up Special Invistigative Commission

LD0203073495 Moscow ITAR-TASS World Service in Russian 0714 GMT 2 Mar 95

[By ITAR-TASS correspondent Oleg Velichko]

[FBIS Translated Text] Moscow, 2 Feb [as received]—The life of the outstanding journalist Vladislav Listyev has been brought to an untimely end," Oleg Soskovets, Russia's first vice-premier, declared today as he opened a session of the government.

According to him, Russian President Boris Yeltsin has set up a special commission to investigate Listyev's murder. It will be headed by Russian Interior Minister Viktor Yerin. The members of the government honored the memory of Vladislav Listyev with a minute's silence.

Issues Statement

LD0203081295 Moscow ITAR-TASS World Service in Russian 0734 GMT 2 Mar 95

["Full text" of statement by President Boris Yeltsin]

[FBIS Translated Text] Moscow, 2 Mar—The press service of the president of the Russian Federation today conveyed to ITAR-TASS a statement from Boris Yeltsin in connection with the murder of Vladislav Listyev. It says:

"Like millions of people in Russia, I am shaken by the murder of Vladislav Listyev. He used to come into our homes from the television screen with his good-natured smile and his intelligent look. He tried to bring peace and joy to our hearts. Now he is no more.

"I express my profound condolences to the family and to the near and dear ones of the deceased. I share the indignation of the public, of journalists and of the Ostankino team over this foul, foul, and cowardly murder.

"I shall do everything possible to see that the killers are found and suffer the retribution they deserve. I have issued the necessary instructions."

Yeltsin To Visit Ostankino 2 Mar

LD0203083095 Moscow Ostankino Television First Channel Network in Russian 0800 GMT 2 Mar 95

[FBIS Translated Text] According to information we have received from the Russian president's press service, Boris Yeltsin has stated his wish to visit the Ostankino TV center at about 1300 [1000 GMT] today. The president intends to visit the studio where Vladislav Listyev worked and to speak to the staff with whom Listyev used to make the programs that many loved.

I remind you that the president of Russia is chairman of the trustee council of Russian Public Television.

Criminal Gangs Suspected in Murder

LD0203093495 Moscow ITAR-TASS in English 0827 GMT 2 Mar 95

[By ITAR-TASS correspondent Larisa Kislinskaya]

[FBIS Transcribed Text] Moscow March 2 TASS—Moscow's regional directorate for fighting organised crime is taking part in the investigation of the Wednesday [1 March] night murder of journalist Vladislav Listyev. Its officers are collecting information about criminal gang leaders they suspect of complicity in Listyev's murder, a senior officer told ITAR-TASS.

Moscow's Criminal Investigation Department confirmed that Listyev's latest appointment as a leader of Russia's public television broadcasting company was seen as one of the main reasons behind the crime. But before final conclusion are drawn it is necessary to thoroughly study all necessary documents, the sources said.

At this point, witnesses are being questioned and material evidence is being studied, the sources said.

TV Channels Suspend Broadcasting in Mourning

LD0203095195 Moscow ITAR-TASS in English 0930 GMT 2 Mar 95

[By ITAR-TASS correspondent Tamara Ivanova]

[FBIS Transcribed Text] Moscow March 2 TASS—All programmes were suspended by many Russian television channels from midday until 19.00 on Thursday [2 March] in mourning of the untimely death of one of Russia's most gifted journalists Vladislav Listyev.

The decision to show nothing but news programmes and Listyev's picture in a black frame was made by the leaders of Russia's main broadcasting companies in the early hours on Thursday.

It was also decided that Vladislav Listyev's own programme "The Peak Hour" would go on air on several channels simultaneously. It will begin at 19.00 and last for about two hours. The first part will be made of parts of Listyev's best television programmes, the second part will bring together journalists, politicians and colleagues of the late journalist.

Public TV Company Board Issues Statement

LD0203111995 Moscow Radio Rossii Network in Russian 1000 GMT 2 Mar 95

["Text" of statement by the Board of Directors of the Russian Public TV Company—read by announcer]

[FBIS Translated Text] Yesterday evening Vladislav Listyev was killed at the entrance to his house. The director general of the Public TV Company, a talented journalist and producer, has been killed. We regard this killing as a challenge from the uncontrollable, brutal mafia. It is a challenge to Russian society, to all of us.

We are convinced that this is a contract killing, moreover, a political one. Those who inspired and organized it should know that there wil be no mercy.

The Board of Directors of the Russian Public TV Company appeals to the president of the Russian Federation to use his full powers finally to control the crime and corruption that has flooded and divided Russian society.

There is no way to bring Vladislav back, but in memory of him, for the sake of his family and children, for the sake of our common future, for the sake of our long-suffering country, it is our duty to put an end to lawlessness and anarchy.

We are sure that there will be a new Russia, and it will have a new TV which the real journalist and citizen Vladislav Listyev hoped so much for.

Yeltsin, Yakovlev Address Ostankino TV Staff

LD0203121095 Moscow Russian Television Network in Russian 1100 GMT 2 Mar 95

[Statements by Russian President Boris Yeltsin and Aleksandr Yakovlev, head of the Russian Public TV company's Board of Directors, to Ostankino TV staff members at the Ostankino TV center in Moscow on 2 March; from the "Vesti" newscast—recorded]

[FBIS Translated Text] [Yeltsin] A tragedy has occurred, a tragedy for journalists at Ostankino and for all journalists in Russia and for all of Russia. The tragedy of a criminal killing, a cowardly, evil murder of a very talented world television journalist, according to Aleksandr Nikolayevich [Yakovlev]. At any rate, he excelled at Ostankino. This is not the first occasion when a journalist has died. There are motives the state cannot uncover, that the government and president cannot deal with, that the prosecutor's office and the administrative bodies cannot deal with. Evidently, there is something in the situation in which Ostankino journalists themselves are working. Without a doubt, things are different in Moscow, especially from the point of view of such criminal killings. In Russia, there is no anarchy or irresponsibility within the administrative bodies, there is no sloppiness, equal to that in Moscow.

Leaders, including municipal leaders and those of administrative and internal affairs bodies, are turning a blind eye to the mafiosa merging with the various commercial structures and the mafiosa merging with the administrative bodies and internal affairs bodies. I think that, if it is taken into account that Moscow is separated, separate, and that the administrative bodies work separately from the Interior Ministry bodies, the dismissal of the Moscow prosecutor and the head of the main Moscow internal affairs directorate would, of course, be too small a price to put on the life of Vlad Listyev.

This will be justified because here we are talking about human life while in the former case it is only dismissal from work. Of course, this is yet another lesson for us, a lesson showing that while being afraid of ourselves and of turning Russia into a police state, we are afraid to step up the struggle against these criminal formations. In Uzbekistan six groups of bandits were simply executed by firing squad in one go, they were executed by internal affairs bodies! And the situation has immediately started to improve. I am not calling for a state of emergency [chrezvychayka]. No we do not need a state of emergency. Taking into account the fact that today I sent to the State Duma a new law on procuracy and a new law on increasing responsibility for criminal offenses and violations of law by all bodies and all managers, this should have an effect. The prosecutor's office has enough toughness and strict approaches to make mafia groups shudder and feel that there will be no let up here. It seems that this is the only way to enable us to stop this wave of crimes, violent crimes.

I could not fail to visit you at this minute, and I bow my head before you as one of those leaders who took insuffïcent measures to combat banditry, corruption, bribery, and crime. In addition to this, I would like to say that I supported and will continue to support Ostankino. I will sign a edict on certain changes, so to speak, which has already been drawn up. All this is for the benefit of Ostankino, for its benefit. There will be no ...[Yeltsin pauses] associations of any kind, Russian or so on. [sentence as heard]. I understand how hard it is for you now. It is hard for all of us. Nevertheless, we must recall once again how Vladislav Listyev worked and follow his example. I express condolences to the entire work force, to all of you, his friends and relatives, and of course to the family of Vladislav Nikolayevich.

[Yakovlev] We, too, must all be full of journalistic solidarity, so that we don't argue among ourselves and so we can use our words and our pens against those who are stubbornly trying to turn our country backwards. Pay attention...

[Yeltsin, interrupting] Together, all together.

[Yakovlev] Yes. Pay attention to what I want to say about this. If you look at the list of murders, it is perfectly clear that these people were supporters of freedom and supporters of reform, supporters of our progress, supporters of the democratic system we have. They were supporters of the president. So, while I do not want to seek out the guilty prematurely or to make any specific accusations—that is for others to do—I would like to say one thing: I believe that ultimately this was a political murder, ultimately it was a political murder [repeated as heard]. So what the president has said about taking measures is also taking political steps.

Political Motives Suggested for Murder

MK0203102095 Moscow KOMMERSANT-DAILY in Russian 2 Mar 95 p 14

[Accidents Desk report: "Vladislav Listyev Murdered. Rush Hour"]

[FBIS Translated Text] Murdered late last night in Moscow was Vladislav Listyev, Russian Public Television [RPT] general director and anchor of the "Chas Pik" ["Rush Hour"] television program. He was shot in the entrance to his apartment house. The murderers disappeared.

Your KOMMERSANT-DAILY correspondent has found out that Listyev died under the following circumstances. After work, Listyev (yesterday, he was putting together another program in the "Chas Pik" series which planned to show an interview with Pavel Bunich) was coming home. At about 2120, Listyev walked through the entrance to his apartment house on Novokuznetskaya Street. He was being awaited. Vladislav Listyev died on the spot from two gun shots in his chest. After that the criminals (how many is unknown) disappeared. A search for them was to no avail. People on the block told police officers that one hour before the killing they noted three well-dressed women who were watching the entrance to Listyev's apartment house. They had never seen those women before.

Police officers refrained from comment on what happened. They only stated yet another contract killing was carried out.

In the meantime, several guesses may be made even today. The RPT directors council is known to have decided to stop accepting advertisements and to pull them from Channel One before 1 April. According to unofficial information, this is because the RPT chiefs were working on a new advertising concept that they were going to put in place soon. Listyev was tasked with the key role in hammering out Channel One's new advertisement policy. The main principle of the new concept consisted in improving both the artistic and commercial quality of ads on Channel One. The channel's chiefs were supposed to stop running ads from financially dubious firms. According to KOMMERSANT-DAILY's information, RPT's new advertisement policy could be aimed against advertising agencies that did their business by reselling air time. The advertisement monopolist firms' sales directly depended on the resumption of taking ads in.

Also, one of the members of the RPT shareholders' council is the "LogoVAZ" association. There was an attempt on the life of Boris Berezovskiy, the firm's president, last summer. Listyev's murder may be linked in some way with this.

Vladislav Listyev's murder may quite probably have political implications. Russian Public Television (the former Channel One) has the greatest number of viewers in Russia. Traditionally, Channel One shaped the state image and propagandized official views on what was happening in the country. On the threshold of the presidential and parliamentary elections, Channel One's importance for the political elite increases many times over. Thus, Vladislav Listyev was a key figure. He was supposed to agree with all proposals of the top political leadership, otherwise he became an obstacle to the process of onward movement of political interests. Therefore the murder could have been sparked by the RPT's unofficial conflict with the authorities, who would like to use Channel One as a platform in the upcoming election campaign.

Filatov on Kremlin Politics, Chechnya

954F1592A Moscow ARGUMENTY I FAKTY in Russian No 9, Mar 95 p 3

[Interview with Sergey Filatov, chief of staff of the Russian president, by unnamed ARGUMENTY I FAKTY correspondents, under the "Guest of ARGUMENTY I FAKTY" rubric; Moscow; date not given: "Filatov in the Kremlin"]

[FBIS Translated Text] **What names are not employed for Sergey Filatov. "Rotten intellectual, armchair democrat, cowardly bureaucrat, tough and wily politician...." (from letters and newspapers). And all this about the president of Russia's chief of staff.**

[ARGUMENTY I FAKTY] Attempts are being made constantly to drive you out of the administration. Do you have any explanation for this?

[Filatov] It is very hard to speak about oneself. But only those who are working against the president want me out of the administration, because I work uncompromisingly and selflessly for the president (nor can I agree with the heading with which you in a notice announced our interview in the past issue; it is unduly tendentious—"Intellectual Among the Wolves").

When I joined the administration, I had the sense of having climbed into the ring unprepared and of being hit from all sides. The president's entire team was in this position. It was necessary at all costs to seize the initiative and pull away from the irreconcilable opposition—

in order that we might dictate the terms, in order that we might create the situation, and the opposition find itself at an impasse.

The first step was the referendum. Certainty was needed at that time. And both the reforms and the president were supported at the referendum. We had to pull ahead of the opposition. Had there been a ready text of the Constitution at that moment, it could have been adopted immediately. But there was not. There were two action alternatives: to move either toward new elections (for which Democratic Russia was calling) or toward the preparation and adoption of a new Constitution.

The second alternative was chosen. Unfortunately, in the summer of 1993 the initiative was lost once again, since the process of preparation of the Constitution had dragged on. Khasbulatov had begun to play his trump card: taking advantage of the vertical line of the soviets of all levels, he began to block consideration of the draft Constitution in the regions, simultaneously increasing pressure on the results of the economic reform.

Boris Nikolayevich had already made his decision by that time, although we were not aware of this and did not understand why he was cool toward all measures.

There was one further factor intensifying the situation in the country—the criminal proceeding escapades.

[ARGUMENTY I FAKTY] Barannikov?

[Filatov] It was not a question of Barannikov, but of Birshteyn, who, having riches and connections overseas, was, most likely, in concert with some forces that did not care for what was happening in Russia. And the criminal proceedings and exposures were initiated by both parties, which had a baneful effect on the state of society. On the one hand, Shumeyko and Poltoranin were on trial, on the other, Barannikov, Dunayev, Rutskoy.

[ARGUMENTY I FAKTY] How, we wonder, did this scandal develop behind the scenes?

[Filatov] Andrey Karaulov arrived from overseas, called me, and requested a meeting. He said that he had seen Yakubovskiy in Canada and that the latter understood some people's game and had serious documents on them. Several names, Rutskoy's included, were mentioned. Yakubovskiy was prepared to hand over the documents on condition that Boris Nikolayevich or I commissioned him in this respect. I agreed. But how was this to be done?

Ilyushenko and Karaulov headed abroad. They confirmed that there was a large quantity of documents, but could talk about them only at a meeting. They brought with them the original documents on the purchases that Birshteyn had made for the wives of Barannikov and Dunayev overseas and in Moscow. Monetary turnover via state, stock company, and commercial structures could be seen here. When I told Boris Nikolayevich that such documents had been brought here, his expression altered visibly. The results of a check confirmed their authenticity. The president's decision was uncompromising—Barannikov and Dunayev were dismissed from office.

[ARGUMENTY I FAKTY] Why did you drag out the adoption of the Constitution for so long?

[Filatov] The Constitution was adopted only on 12 December 1994 at the referendum. There had before this been the dramatic October events. These events showed the extent to which the techniques of the adoption of important decisions, pivotal for the state, had not been worked out and the extent to which interaction between the center and the regions had not been debugged. It was not fortuitous that many regions and their leaders were unable for a long time to determine their positions, and the leaders of the soviets were simply attempting to intensify the confrontation and expand its range.

The decisions on Chechnya, as far as I know, were adopted with regard to the opinion of the leaders of the North Caucasus regions. The leaders of the republics knew the entire situation prior to the commitment of the troops. But it could have happened otherwise also, with unpredictable consequences.

[ARGUMENTY I FAKTY] You are accused of having abandoned the leadership at the time of the October 1993 events, overstaying your time at the negotiations with the patriarch.

[Filatov] But had the church not understood what was happening, and had they taken the side of the White House, this would have been a catastrophe. Boris Nikolayevich responded immediately to the patriarch's request for a meeting. Agreement was reached on 30 September in the Kremlin on negotiations at the Danilov Monastery between representatives of the president and the White House. In the evening of 30 September, we met with Abdulatipov and Sokolov (the chairmen of the chambers of the Supreme Soviet) and signed a protocol on the surrender of weapons in the White House. But other representatives of the White House, headed by Yu. Voronin, had arrived by the time of the start of the negotiations with the participation of the patriarch, and they stymied all the decisions that had been approved that night by Rutskoy and Khasbulatov. They were relying on the military personnel—Achalov, Barannikov, and Dunayev. So the time was being dragged out, which we did not spot in good time.

At one on the morning of 3 October, there was a call from Boris Nikolayevich: "How are you doing?" I replied: "The negotiations have wound down, evidently. There will be bloodshed tomorrow, it would seem."

I began to look for Zorkin, because he might somehow have been able to stop this madness. But I was told that he was in hiding somewhere. He was found at 0130 hours, and I told him: "We are headed for war, lift the sin from your soul. If you thought that the president's edict was unconstitutional, now say that Rutskoy also, who has declared himself president, is unconstitutional as well. For, having obtained this mandate, he is forming armed groups in earnest." Zorkin promised to urgently assemble the Constitutional Court. As we have learned, they met at three in the morning, but said that they lacked the documents on whose basis a ruling could be made, and they went their separate ways.

There should, most likely, have been tougher action on the first. Because the long wait unnerved everyone considerably, and the Special Militia were caught unawares.

[ARGUMENTY I FAKTY] A furious "shelling" of the president's entourage is taking place at this time. With what is this connected?

[Filatov] Yes, it is. Various rumors, stories, articles imbued with lies, and inventions are appearing. There is a purpose to them: on the one hand that of casting a shadow on these people and setting them against one another, on the other, that of checking the public's response to their removal or simply inuring it to this thought.

I am often asked about Korzhakov's service. I will say frankly that I know neither the composition of this service nor its structure nor what it does.... Although it is well known that they are increasing their influence both in the administration and in the government, expanding, taking personnel under their control, and much else, but this is now at the rumor level.

[ARGUMENTY I FAKTY] And this is possible without you? You are the president's chief of staff!

[Filatov] The president' security service is part of the Main Security Administration, which has its own funding and is subordinate to the president directly.

It has to be said, generally, that the situation has in recent months become unhealthy—there are the conflicts with the journalists Zamyatina and Kononenko, from whom officers of the Main Security Administration have taken their attestation. There is an unwarranted tightening of the procedures of the accompaniment of correspondents in premises of the administration, and we recall the incidents involving the Most-Group and Luzhkov. None of this is contributing to an improvement in the atmosphere. Some employees in my office truly avail themselves in conversation with pen and paper, afraid to speak. At first I chaffed them about this, but was unable to make them change their minds. If this is the case, files could be collected also, but then... it is frightening to think about the consequences. Whence, evidently, the increased interest of the press and, perhaps, the intuitive unease and anxiety.

[ARGUMENTY I FAKTY] Korzhakov, Gusinskiy.... The conflict between them is still not completely clear.

[Filatov] There has been much clamor in this business, and there has as yet been no intelligible answer, and society is waiting; it has every right to honest and objective information.

Objectively, I am disturbed by the fact that there are forces, and they are active, that do not want the situation in the country to stabilize. I consider the signing of the Social Accord Treaty an outstanding step by the president. People came to understand that we had to stop the destruction of one part of the nation by another.

And what was the result? Both the social and political climate and the economic indicators began to improve. But some people did not like this, and Black Tuesday ensued. Lending rates were raised once again, inflation has risen, prices have crept up. Certain regions have begun to stir up the situation by compulsory elections of administration chiefs and by the adoption of charters that do not correspond to the Constitution of the Russian Federation.

[ARGUMENTY I FAKTY] Sergey Aleksandrovich, are you being outplayed?

[Filatov] Yes, it would seem that we are being outplayed in places. We have approached the point where our forces alone are insufficient. An implacable hidden war is under way in the press. The president is under pressure to himself reorganize the press, mainly in the direction of its strict subordination to the state authorities. But the press is being pulled over to its side in the State Duma also, through the efforts of Poltoranin.

Unfortunately, in connection with the Chechen events, relations with the press have been damaged in absolutely inept fashion.

[ARGUMENTY I FAKTY] I would like to understand one thing: What idiot (or extraordinarily smart individual) pushed the president into this war? The offensive began on 11 December, and people were hearing meaningful words about what Chechnya is and what an abscess this is only two months later. It is the consequences that are ultimately important. The refugees, the relatives of those killed, the old lady with her leg torn off, who has been shown many times on television, will never forgive this. We study the letters of our readers and realize that Yeltsin will hardly be elected president for another term.

[Filatov] Well, this remains to be seen. I will answer you as regards Chechnya. We have gone through four stages. The first stage was the winter and spring of 1994, when negotiations and a meeting between Boris Nikolayevich and Dudayev were prepared. The second stage was June-July, when the internal showdowns and Dudayev's extermination of people en masse began, and he himself hereby canceled out hopes of a meeting. It was understood, nonetheless, that he was avid for a meeting to support his shaken and, perhaps, crumpled authority. Support was for this reason at this stage rendered the

Provisional Council, which had been formed at a congress of the Chechen people in opposition to Dudayev. Khasbulatov was in the opposition also, incidentally. The third stage was the summer and fall, when Dudayev began to transfer the conflict from political confrontation to a military channel. And was successful here, it has to be said.

[ARGUMENTY I FAKTY] But where were you earlier? Why did you sleep through all this?

[Filatov] There was a group for coordinating actions with the opposition. Measures to normalize life on the territory not controlled by Dudayev were implemented. The operations group was actually led by Shakhray. But he was in November unexpectedly removed from nationality policy, and its coordination was entrusted to other persons.

A battalion of the opposition forces entered Groznyy on 26 November with hardly a shot being fired and took over the television station and all official buildings. Umar Avturkhanov, who announced that all power had passed to the Provisional Council, appeared on television. But this was followed by a big interlude. A state of emergency should have been declared and internal troops committed. This would, most likely, have been the end of the matter. But this was not done.

And so the fourth stage—military—ensued. An internal struggle, in which many of our citizens, politicians, and religious persons are very actively helping to prevent the tragedy of Groznyy spreading and to save other cities, is now under way in Chechnya. The population is fighting against the armed formations. The population wants to avoid the destruction and looting. It is attempting to surrender weapons and declare the Constitution of the Russian Federation on its territory. But not everything is working out here. The combatants are often getting there first. The dialogue is expanding, and congresses of national accord and for a peaceful settlement of the conflict are being prepared.

[ARGUMENTY I FAKTY] There is no hope of us clearing out of there?

[Filatov] Clearing out, no. The total restoration of life, the economy, and the power structures and the institution of the rule of law are still a long way off.

Military & Space Issues

Military Leaders Discuss Chechen Conflict

LD0103183495 Moscow ITAR-TASS in English 1823 GMT 1 Mar 95

[FBIS Transcribed Text] Moscow March 1 TASS—Russian Defence Minister Pavel Grachev summoned his aides on Wednesday [1 March] to discuss the results of the military operation to restore constitutional order in Chechnya.

"The Russian Armed Forces have fulfilled their tasks of the first stage of the stabilisation of the situation in Chechnya," the ministry press centre said in a statement issued on Wednesday.

Units of the Defence Ministry have handed over the districts of Groznyy under their control to Interior Ministry troops, the statement said.

At the same time, it pointed out that despite the material damage inflicted upon Chechen militants, Russian troops have so far failed to crush their resistance. "The state of and prospects for the development of the situation there put forth new tasks, the resolution of which will require the presence of some units of the Russian Armed Forces in Chechnya on a permanent basis," the statement said.

The military chiefs discussed at length the flaws of the operation in Chechnya and voiced concern about the lack of personnel in the Army.

Grachev Sums Up Chechen Operation

MM0103143695 Moscow KRASNAYA ZVEZDA in Russian 01 Mar 95 p 1

[Article by Gennadiy Miranovich: "Real Threat to Our State's Territorial Integrity Has Been Eliminated. Assembly of Armed Forces Leadership Personnel Sums Up Preliminary Results of Combat Operations in Chechnya]

[FBIS Translated Text] The assembly is designed to last four days. Its program includes a session of the Defense Ministry Collegium, practical drills on matters pertaining to the troops' combat and mobilization readiness, and a scientific and technical conference on problems of ensuring the survivability of arms and military hardware. The event began yesterday with a conference at the Defense Ministry, where Army General Pavel Grachev, Russian defense minister, delivered a report

To date, the defense minister stressed, describing the situation, the combined Armed Forces and Russian MVD [Ministry of Internal Affairs] Internal Troop grouping in collaboration with Federal Counterintelligence Service [FCS] forces and Federal Border Service troops has established control over the military situation in the most important areas of the Chechen Republic. The real threat to the state's territorial integrity has been eliminated. The remaining small subunits and guerrilla groups which are putting up resistance both in Groznyy and the vicinity are currently being eliminated., According to Army Gen. Grachev, the command of the illegal armed formations, aware of the futility of further wide- ranging actions, is striving to gain time to replace personnel in positions, particularly in southeastern parts of Groznyy, and to replenish its stocks of arms and ammunition. At the same time the work of strengthening Gudermes and the population center of Shali is continuing. Meanwhile it was noted that the Dudayev regime's resistance is becoming increasingly fierce and fanatical. At the same time mercenaries from the Muslim countries of the Near and Middle East are continuing to enter Chechnya illegally and money, weapons, and munitions are still coming in.

Pavel Grachev characterized the federal troops' action, remarking that at the beginning of the operation the grouping numbered 23,800 men, including 4,700 Russian MVD Internal Troops. The grouping has subsequently been replenished with reserves prepared by military districts. Dudayev's regular armed formations (minus the so-called "resistance fighters") numbered around 30,000 men. One must bear in mind that they prepared the city well in advance for defense. We could not have conducted a full-scale army operation. In this case a quite untypical scenario took place whereby the troops had to perform their mission with consideration for the presence of civilians in the combat zone. Thus, the defense minister remarked, we were forced to plan and carry out a special operation. We never planned a "blitzkrieg," he said. The possibility of taking Groznyy was only envisaged once the civilian population was able to leave.

Assessing the troops' actions in the prevailing situation-,Army Gen. Grachev pointed to the Russian troops' courage and heroism. He stressed that the combined grouping primarily comprised trained formations and units capable of performing their assigned tasks. And they confirmed this through their practical actions to perform their assigned tasks. At the same time attention was drawn to the shortcomings in the actions of certain commanders and staffs. According to him, the lack of experience of joint actions in emergency conditions between units and subunits of the Armed Forces, the Russian MVD Internal Troops, the FCS, and the Border Troops also took its toll.

Bases have currently begun to be prepared for formations, units,, and establishments of the Armed Forces, the Border Troops, and the Russian MVD Internal Troops in the Chechen Republic. The Federal executive organs' territorial administration has set to work with temporary organs of government. The main tasks facing the regular troops stationed in Chechnya have been defined. Namely to ensure effective control over and the security of the main lines of communication, to defend key economic installations, and to provide troop support for MVD, FCS, and Federal Border Service troops and organs in their work to stabilize the situation in the republic.

In line with the instructions of the Russian president and the prime minister the Defense Ministry has formulated the appropriate plans and proposals for the siting and provision of amenities for the troops and the procedure for their performance of their assigned tasks.

In conclusion, the defense minister dwelled in detail on the tasks stemming from the lessons derived from events in Chechnya which must be resolved. He emphasized that everything here does not depend on the military department. In particular, the problems of staffing the Armed Forces and providing them with modern equipment and weapons are problems that must be resolved at state level.

Representatives of the Russian Security Council, the presidential staff, the government, the Federal Assembly, prominent military chiefs, and commanders of the formations and units involved in resolving the Chechen conflict took part in the conference.

A detailed report on events connected with summing up the preliminary results of the combat operation in Chechnya will be published in the next issue of KRASNAYA ZVEZDA.

Government Press Service: Chechen Militias Inactive 28 Feb

LD0103173395 Moscow INTERFAX in English 1623 GMT 1 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—The illegal militias took no offensive actions in Chechnya yesterday, the government press service told Interfax quoting the mobile information center as its source.

Air strikes were made against the enemy firing positions in the vicinity of the elevator outside the settlement of Samashkiy and in the environs of the town of Argun. The federal artillery shelled the enemy positions around Chernorechye, Alkhan-Kala, Chechen-Aul, Shaliy and Argun.

According to counterintelligence reports, the elders and clergy demanded that Dudayev's militants leave Shaliy.

The Public Health and Medical Industry Ministry reports that detection of contagious cases, vaccination and anti- pediculosis and anti-scab activities are under way in Groznyy.

The Russian Interior Ministry, the government press service reported, continues recruiting for the law enforcement agencies of the Chechen republic. A total of 52 men have been hired for the Chechen Interior Ministry apparatus, 89 men in the Nadterechnyy District, 61 men in the Naurskaya District and 72 men in the Shelkovskaya District. A total of 692 people have been hired by the republic's interior bodies.

Grachev: 'Different Tactics' To Be Used Around Groznyy

LD0103154095 Moscow INTERFAX in English 1513 GMT 1 Mar 95

[FBIS Transcribed Text] MOSCOW, Mar 1 (Interfax)—The Russian army will use different tactics in trying to take Chechnya's remaining strongholds of Argun, Shali and Gudermes from those it used in fighting in and around the region's capital Groznyy, Defense Minister Pavel Grachev said on Wednesday [1 March].

"First of all, those towns aare much smaller in size than the Chechen capital, secondly, those Chechen forces that will defend them have had much poorer training than the defenders of Groznyy, and, throdly, 90 percent of the materiel the bandit formations had has been either destroyed or captired by federal troops," Grachev told Interfax correspondent Vitaliy Dzhibuti in an exclusive interview.

The attacks on Argun, Shali and Gudermes will chiefly be made by army - land and airborne - forces and not by Interior Ministry troops, the minister said.

He said Russia should take more serious political steps to settle the conflict. The situation in Chechnya has materially changed after Russian troops took Groznyy, Grachev said. "It must be brought home to the Chechen leaders that further resistance to federal troops, including in Argun, Shali and Gudermes, makes no sense," he said.

Satellite To Be Launched From Plesetsk 2 Mar

LD0203052295 Moscow ITAR-TASS in English 0515 GMT 2 Mar 95

[By ITAR-TASS correspondent Viktor Gritsenko]

[FBIS Transcribed Text] Moscow March 2 (TASS)—The Russian Military Space Forces (MSF) plan to fire off another satellite of the Kosmcs series with a Kosmos-3M booster rocket from the Plesetsk cosmodrome on Thursday at 16:00 [1300 GMT].

Ivan Safronov, a representative of the MSF press centre told ITAR-TASS that the satellite will be launched in the interests of the Defence Ministry.

Federal Assembly

Federation Council Rejects Three State Duma Decrees

LD2802213595 Moscow INTERFAX in English 1941 GMT 28 Feb 95

[FBIS Transcribed Text] MOSCOW, Feb 28 (Interfax)—On Tuesday the Federation Council (upper house of parliament) declined three federal decrees adopted by the State Duma. Among them is the decree on meetings, demonstrations, rallies, and picketing earlier declined by the president, and the decrees On Television and Radio Broadcasting and On Changes and Amendments to the Decree On Mass Media.

Only 28 deputies voted for, 55 against and 7 abstained from voting on the decree On Meetings, Demonstrations, Rallies, and Picketing. A total of 118 votes were needed to approve this decree. The State Duma (lower house) adopted this decree on December 23, 1994 and the decree was sent to the Russian president because the Federation Council failed to consider it within the 14-day term stipulated by the Constitution. Boris Yeltsin declined the decree. However, on February 22 the State Duma overcame the presidential veto by two thirds of the votes. The decree needed support of two thirds of the deputies of the upper chamber in order to be adopted.

Chairman of the Federation Council Regulation Commission Yevgeniy Krestyaninov explained that the work on the decree "must be started afresh."

The Federation Council Commission on Constitutional Legislation and Juridical Issues, which recommended rejecting the decree, said that the amendments proposed by the president are quite grounded. In addition, the committee's conclusion says that the decree "substantially restricts a citizen's constitutional freedom to participate in demonstrations, rallies, and other public gatherings" and several of its articles "are of a declarative nature."

Two other decrees were rejected with the words "due to unacceptability of several of its terms." In the resolution to be adopted Wednesday the deputies did not mention which concrete articles are unacceptable.

On Tuesday the Federation Council ratified the Treaty on friendship and cooperation between the Russian Federation and the Kingdom of Spain and the agreement on principles of relations between the Russian Federation and the Republic of Colombia.

Zaveryuha Addresses Federation Council on Agriculture

MM0103165595 Moscow ROSSIYSKIYE VESTI in Russian 1 Mar 95 p 1

[Report by Lyubov Tsukanova: "Agrarians Need Not Only Money But Also Laws"]

[FBIS Translated Text] A discussion of the problems of preparing for and carrying out spring field work is included on the agenda of the 17th Federation Council session, which opened yesterday. A section of deputies, contrary to the chamber's standing rules, insisted on the priority examination of this question, believing it more important than the approval of a number of federal laws. The standing orders triumphed, however—which did not prevent the deputies from listening to Aleksandr Zaveryukha, vice premier of the Russian Federation Government, who was invited to the session, before the start of work directly on the agenda. The deputy chairman of the government described the state of affairs in the agro-industrial complex as grave—the slump in production volumes in the agrarian sector in 1994 stood at 15 percent, and practically all agricultural enterprises made a loss according to the year's results. The vice premier called the low efficiency in agricultural production "the saddest result of the reforms," while nonetheless pointing out that the way of life is changing in the agrarian sphere: Agriculture has become a mixed economy, and there is now no standoff between collective and private farms. Whereas 20-30 percent of farms cannot survive under the new conditions, the rest "after the shock and the apathy of the first years" are starting to adapt to the conditions of the market economy.

Aleksandr Zaveryukha informed the deputies that questions of providing finance and credit for the agro-industrial complex are being examined by the government. According to preliminary data, 2.3 trillion rubles will be allocated directly to spring field work. Questions of the supply of seeds and mineral fertilizers are being resolved more or less successfully. Things are worse with regard to the repair and preparation of equipment (readiness today stands at 62.7 percent), and there are difficulties over providing fuels and lubricants: Given a need for 2 million tonnes of gasoline, the farms' stocks stand at 13-18 percent. "There is no money for fuel and spare parts."

The "agrarian" vice premier believes that the most complex issue is the funding of agriculture and the allocation of credits "not at the full credit rate," i.e. preferential credit. In A. Zaveryukha's opinion, what is needed is unusual kinds of funding—budget loans, promissory notes, etc.

In general, the vice premier believes, many problems of the agro-industrial complex come up against the lack of a legislative base: For seven months now the Land Code has been in the process of being worked out, and "accusations are being leveled at the government from the right and the left," but meanwhile it has been forced to work without very important laws: on agricultural cooperatives, on state agricultural enterprises, on private farms, and others. If we want to resolve agrarian problems in a civilized manner and under a rule-of-law regime, Aleksandr Zaveryukha emphasized, we cannot manage without the speediest adoption of the appropriate laws.

Regional Affairs

'Full Text' of Yeltsin Decree on Economic Reform Process

LD0103163495 Moscow ITAR-TASS World Service in Russian 0958 GMT 1 Mar 95

[FBIS Translated Text] Moscow, 1 Mar—President Boris Yeltsin has signed three decrees aimed at further development of economic reform in Russia. Here is the full text of the decrees, which ITAR-TASS has received from the Russian Federation [RF] president's press service:

On measures to strengthen financial discipline in the execution of the federal budget

In order to carry out the policy of stabilization and to strengthen financial discipline in the execution of the federal budget, I resolve:

1. Decisions of the RF government and federal executive bodies, involving state expenditure from the federal budget not envisaged by the federal budget for the current fiscal year and reducing the revenue base of the federal budget, including exemptions from payment of taxes, customs duty, and other mandatory payments into the federal budget, are to be taken solely on the basis of decrees issued by the RF president. These decrees will set out specific timetables, determine amounts of expenditures, and specify the value of exemptions, at the same time indicating ways in which spending on specific budget items is to be reduced or sources of additional revenue for the federal budget tapped.

2. Draft decrees of the RF president, whose implementation requires state spending out of the federal budget or involves a reduction in the revenue base of the federal budget, including exemptions from payment of taxes, customs duty, and other mandatory payments into the federal budget, are only to be submitted for signature after the RF government has passed a resolution to this effect.

3. The RF Finance Ministry is given two weeks in which to submit proposals to the RF government on the rescinding of earlier decisions by the RF government and federal executive authorities which involve expenditure from the federal budget not envisaged by the 1995 federal budget.

4. The RF government is given two weeks in which to submit proposals for rescinding earlier decisions by the RF president on the granting of exemptions from taxes, customs duty, and other mandatory payments into the federal budget. During that time, it will also reconsider decisions adopted by the RF government and federal executive authorities on the granting of exemptions from taxes, customs duty, and other mandatory payments into the federal budget, with a view to reducing their number.

5. Supervision of the implementation of this decree is entrusted to the RF president's Control Administration.

6. This decree comes into force from the date of its signing.

Official Says Chechnya To Be Divided

LD0103200695 Moscow Radiostantsiya Ekho Moskvy in Russian 1900 GMT 1 Mar 95

[FBIS Translated Text] A plan for a stage by stage settlement of the Chechen crisis has been drawn up by the Russian president's administration. It envisages, among other things, dividing the republic into two parts—north and south. The border will run along the Rostov-Baku route, Yusup Soslambekov, chairman of the dissolved parliament of Chechnya, stated in Moscow today.

According to his information, the Russian authorities are prepared to agree to the southern part being governed by Dzhokhar Dudayev and Salambek Khadzhiyev will get the northern part. We have not yet been able to confirm this report.

Sakha Communists Hold Congress

954F1426B Yakutsk RESPUBLIKA SAKHA in Russian 17 Jan 95 p 1

[Article by A. Yevstafyev: "A Regular Congress of the Communists of Yakutia Was Held"]

[FBIS Translated Text] Of the political parties that have appeared in large numbers in Russia in recent years, as before, organizations of a communist orientation remain among the largest. And although the splintering that exists today is damaging the unity and solidarity of the Russian communists, their position, nevertheless, remains traditionally strong. For example, about 2,000 persons are on the Communist Party register here in Yakutsk, and seven rayon committees of this party are operating. In the capital of the republic alone, 36 primary organizations are registered.

As is known, no political movement has promise without an appropriate change. And the fact that the communists are catastrophically losing their positions among the younger generation of Yakuts was confirmed by the supporters of this movement at the second congress of the Communist Party of the Republic of Sakha (Yakutia) that was held last Saturday in Yakutsk. It took place without the pomposity that was typical in the past, but with a red calico propaganda display in the hall of the Yakutstroy AK [administrative committee]; and in a little ceremonial hall where the action took place, periodicals were sold, an enormous portrait of Lenin hung on the wall, and there were party banners. A banner with the words, "Welcome to the delegates of the 2d Congress of the Communist Party of the Republic of Sakha (Yakutia)" automatically recalled former times, when almost the entire country watched with sinking heart a transmission from the latest forum of the monopoly party....

The work of the current congress started with a report from the republican party committee, which was given by Artur Alekseyev, the party's leader. Recognizing the fact that the "congress is starting work under conditions that are difficult for communists of the republic—a wild market, the collapse of the USSR, the shelling of the Supreme Soviet, and the action in the country of a bourgeois constitution," the speaker dwelt on an analysis of the political and economic situation in both the country as a whole and in the republic in particular. The concealed unemployment, the catastrophic drop in the standard of living of Russians, the crisis in the agrarian sector, culture, education, and health services, and at the same time an analysis of the communist movement do not by far constitute a complete list of the subjects of the hour-long report of the chairman of the republican party committee.

The date of the conduct of the Communist Party of the republic coincided with the beginning of the campaign for election to local organs of authority. In Yakutia, which the central press sometimes calls "a communist preserve," the chances for victory for representatives of this party do not seem hopeless. Twelve communists were on the ballot in the elections for deputy to the republic's State Assembly that were held in December of 1993. And although only two made it to the high legislative organ, the followers of Marxist-Leninist ideas are optimistically inclined just before the impending elections. This was also talked about at the congress.

It is possible that these hopes are not groundless, considering the popularity of socialist ideas, and also the dissatisfaction of many among the Yakuts with today's standard of living.

On the initiative of the political executive committee of the Communist Party of Yakutia, a permanently acting voters' club was organized that held more than 10 meetings with Il Tumen deputies. A discussion on the creation of a communist faction in the parliament of the republic took place at the recent regular meeting of the political executive committee. A resolution was adopted on the inadvisability of such a step at this stage.

The congress held elections of the new staff of the republic's party committee, which, in fact, remained as before. Artur Alekseyev was elected once again as the chairman of the republic's party committee, Vyacheslav Filatov—his first deputy, and Nikolay Tsepelev—chairman of the monitoring and auditing commission.

The work of the forum of the communists of Yakutia was participated in by Viktor Tyulkin, the first secretary of the Russian Communist Workers' Party, and Oleg Mironov, a member of the Central Executive Committee of the Communist Party of the Russian Federation and a deputy of the State Duma.

At the conclusion of the congress, the delegates adopted a declaration condemning the aggression in Chechnya. The congress appealed to the Federal Assembly of Russia, first of all to its communist faction, to the Il Tumen deputies, and to political parties and public opinion, with a demand withdraw regular troops from the southern Russian republic, to resolve disputable questions with components of the Russian Federation only by peaceful means, and to make the culprits of the dramatic events answerable. The delegates demanded the dismissal of the president of Russia from his post in connection with the situation in Russia.

A victory of the communists in the elections to the representative organs of authority in some regions of Russia, and also their majority in legislative organs of the country of the former socialist camp (in particular in the Czech Republic, Poland, and others), as was noted at the last congress, shows, in the opinion of its delegates, that significant progress has occurred in the public conscience. The scale of public trust, they said, is clearly moving in the direction of the communist movement. And the activists of this party intend to support their candidates in the forthcoming elections in every possible legitimate way.

Sakha Territorial Organization Questioned

954F1428A Yakutsk RESPUBLIKA SAKHA in Russian 25 Jan 95 p 2

[Article by Ye. Pakhomov, graduate student of the Institute of Legislation and Comparative Jurisprudence under the Government of the Russian Federation: "Reform of Local Self-Government; But if We Take This Path?.."]

[FBIS Translated Text] **The reforms of local self-government are inseparably linked with improvement of the administrative-territorial system. Local self-government cannot be quickly declared on any territory after the adoption of a pertinent law. Besides legal conditions, economic and organizational capabilities are also needed for its formation and development. The territorial organization of the state occupies a special place among the latter—simplicity of the spatial structure, flexibility, and conformity to the traditional territorial system.**

Significant changes have taken place in recent years in the administrative-territorial division of the republic. The designation of the administrative-territorial unit "rayon" has been replaced by the equivalent "ulus." The concept of a "territory subordinate to the local soviet of people's deputies" has sunk into oblivion. One new ulus has been organized, three have been renamed, and four have received the status of national. The Udachnyy worker settlement has been reorganized into a city of ulus subordination, three populated areas have been placed in the category of workers' settlement, 39 new naslegs have been organized, and 32 naslegs have received the status of national.

By the end of last year in the Republic of Sakha (Yakutia), there were 33 ulus, three cities of republican subordination, including two with a subordinate territory, eight of ulus subordination, 68 workers' settlements, 353 naslegs, and 714 rural populated areas.

There is still no interpretation of the "nasleg" concept in the republic's legislation. In my opinion, F. Okhlopkov correctly noted the fact of supplanting the official use of the term "nasleg" with the concept of "a territory subordinate to a rural soviet" (RESPUBLIKA SAKHA, 29 March 1994). It is necessary to fix the content of the concept of "nasleg" in the legislation of the republic on the administrative-territorial system, and to return the past meaning to this age-old term.

The elections of local soviets of people's deputies of past years were conducted on two levels: in rayons and cities of republican subordination and in rural soviets. The population of many populated areas where there were no organized rural soviets participated in the elections of their own deputies, rural assemblies, and meetings, and discussed the reports of local leaders; i.e., it actually conducted self-government, but it did not have the right to establish local organs of authority whose legitimacy was legislatively fixed. In the future, each local community, in accordance with Article 94(1) of the Constitution of the Republic of Sakha (Yakutia) will elect its own organ of self- government. In certain populated areas that have a small population, the powers of these organs will be implemented by citizens directly (at rural voter assemblies...). At the same time, according to the Constitution, each local community will also have a right to elect the executive organ—the head of the local administration. In this case, in naslegs that have several populated areas in their system, a new level of local self-government will appear, and the structure of the territorial organization of the republic at the local level in a rural locality will become a triple component organization: ulus, nasleg, and village (settlement).

How does one avoid the appearance of a superfluous component in the system of local organs of executive authority? Not to elect general nasleg organs of local self-government? But then a real crisis will occur in local self-government. After all, a nasleg, regardless of the number of populated areas, is an absolutely specific territory with a specific socioeconomic infrastructure. If a division occurs of the territory of a nasleg between populated areas that make it up, the term "nasleg" loses meaning, and its internal content will become identical to the concept of a "rural populated area with a territory."

Perhaps, give all rural populated areas the status of naslegs? But there are a lot of villages and settlements in the republic that do not have a territory except as borders of a populated area and that on this basis do not conform to the historically established criteria of a "nasleg" administrative-territorial unit. In my opinion, this is the way out of this situation. Without encroaching on the constitutional right of the people to independently determine the structure of the organs of local self-government, legislatively fix the capability of establishing a decentralized association of local communities that implement self-government powers on the basis of a charter on the territory of a nasleg that has its own system of several populated areas. This would make it possible to exclude vertical ties on the "nasleg-village (settlement)" levels, and it could become the resolution of the problem that arises.

Yakutsk is a very large administrative, industrial, and cultural center not only of the republic, but of all of northeastern Russia. Building up in Neryungri and its city satellites are a regional fuel-energy complex, a powerful mining and processing industrial base, and a transportation center of federal significance. According to data of the Goskomstat [State Committee for Statistics] of the republic, on 1 January 1994, 96.9 and 97.8 percent of the city dwellers resided, respectively, in Yakutsk and Neryungri with their subordinate territories. The designation "ulus" will hardly be suitable for these territories. The innovation in the plan for improving the administrative-territorial system of the republic is the organization of okrugs of republican subordination in the territories that were previously subordinate to the Yakutsk and Neryungri city soviets—a Central (Yakutsk) and a

Neryungri okrug. Their main distinguishing features would be the presence of a significant city population and a high degree of industrial development of the territory, with absolute equality of the legal status of an ulus and okrug assembly of representatives.

I know that this proposal will evoke an ambiguous reaction among those interested in questions of the administrative-territorial system of the republic. But in some countries, federal administrative okrugs exist together with other administrative-territorial units, and not one of these countries has suffered a loss in the sense of its administrative-territorial system and territorial unity. What is more, in accordance with Article 44 of the Constitution of the Republic of Sakha (Yakutia), the territory of the republic is integral and indivisible within the bounds of the existing borders. The time has come to free ourselves from the cumbersome tautology of a "territory subordinate to a city of republican subordination."

Sakha Parliament Passes Law on Government

954F1426A Yakutsk RESPUBLIKA SAKHA in Russian 27 Jan 95 p 1

[Article by T. Safonova under the "Parliamentary Journal" rubric: "The Law Was Adopted. The Deputies Supported the President"]

[FBIS Translated Text] At Wednesday's [25 January] evening session, the House of the Republic passed the constitutional law "On the Government of the Republic of Sakha (Yakutia)," which establishes the legal basis of the activity and jurisdiction of the executive organ of state authority. It contains 37 articles, where the basic powers of the government and the organization and procedures for its activities are described in detail. Three chapters are devoted to the relations of the government with local executive organs, with the federal government, and with the State Assembly of the republic. The activation of this law, the need for which is long overdue, will enable the government more effectively to implement executive and administrative functions.

The article-by-article discussion of the law took almost two days, and it went rather smoothly. But nevertheless, differences of opinion were not avoided. In particular, a dispute arose during the discussion of Article 34, concerning the rights and duties of members of the government, regarding the paragraph concerning the submission to parliament of a statement on the income and property situation of those who aspire to the position of chairman of the government, the deputy chairman, and ministers. The deputies who spoke for the exclusion of this paragraph justified their own position with the fact that the requirement for submitting a statement already exists in legislation now in effect, and that it makes no sense to repeat it. Supporters of the opposite point of view emphasized that members of the government are not ordinary officials, but those who administer the financial and credit resources of the republic and, therefore, their duties have to be stipulated specifically. It is appropriate to note that there are also other paragraphs in the law on the government that are duplicated from the law on state service; however, they did not cause a discussion. During the voting, a majority—21 persons to 11—voted to exclude the aforementioned provision from the article.

After the law on the government was passed, the deputies examined a proposal of the president of the republic on the appointment of deputies to the chairman of the government, with respect to which they were supposed to express their concurrence or nonconcurrence.

Candidacies on behalf of the president were presented by Yu. Kaydyshev, the head of government, including to the position of first deputy—A. Tomtosov, and deputies—Ye. Borisov, V. Bredikhin, R. Burnashov, V. Vlasov, and R. Shipkov. Three of them—Ye. Borisov, V. Bredikhin, and V. Vlasov—had worked before this as deputies and, therefore, the parliamentarians paid primary attention to the three new candidates. It must be noted that a big part of the speeches regarding the candidates was of a complimentary nature. The impression was created that many deputies were in a hurry to present their respects to the future leaders, completely forgetting about problems in those sectors that members of the government were to head.

The deputies supported the president of the republic, concurring in the appointments of all of the deputy chairmen of the government. This was the result of a secret vote.

Irkutsk Assembly on Budget, Development

954F1457B Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 19 Jan 95 p 1

[Article by Sergey Kez, VOSTOCHNO-SIBIRSKAYA PRAVDA: "The Hunt for the Budget Is On"]

[FBIS Translated Text] **It seems that there are no two subjects more important and troublesome to the country than ravished Chechnya and next year's budget. And now on the eve of its regular session, our Legislative Assembly has held open deputy hearings with only two questions on the agenda, but what important ones—"On the Prognosis for the Socioeconomic Development of Irkutsk Oblast for 1995" and "On the Oblast Budget for 1995."**

Participating in the brainstorming were not only the deputies themselves, but also administration chiefs of the rayons and cities and all interested individuals.

V.K. Yakovenko, first deputy chief of the oblast administration, shared his vision of the socioeconomic prognosis with those who had gathered. First, as usual, he gave last year's results. Having noted that the political situation in the oblast was stable, V.K. Yakovenko could not but mention something else—the region had not been free of strikes or other protest actions from labor collectives defending their rights to receive their wages promptly. Even now, the situation is far from favorable. As was noted in the report, among the major nonpayers is Vostsibugol, which owes its workers R33 billion, and Irkutskenergo and the heating equipment plant are also, as they say, culpable, as many other enterprises are as well. But it was not their fault—"People owe money to us, and we owe it to others." Such is the vicious circle of the condition of today's economy, which neither the country nor the oblast can break.

But how have we managed to live through the past 12 months? The report contained many curious figures and computations, and so I shall give only the most interesting of them. The monetary incomes of the population increased in 1994 by a factor of 3.72 and amounted to R5.7 trillion. Savings amounted to a round figure of R1.7 trillion. The average per capita monetary income as of November (we do not have fresher figures yet) was equal to R237,700. The consumer basket as of this moment weighed 121,000. True, it was not available to everyone—more than 36 percent of the residents of the oblast were beyond the desired mark. And this when the Angara region has one of the highest per-worker income levels in Russia—R453,200. And it turns out that our appetite has not decreased much. The consumption of the main food products looked like this, noting that 1993 and 1994 are being compared: meat—60 and 62 kilograms, respectively, milk—250 and 247, potatoes—153 and 153, vegetables—87 and 67....

The depth of the recession differs in various branches. In light industry, for example, it reached almost 60 percent, in machine building and metal processing—38. But nonetheless, in V.K. Yakovenko's words, light can be seen at the end of the tunnel: In the fourth quarter the production volumes increased by 5.5 percent, and this tendency is continuing.

The first deputy chief of the oblast administration was fairly optimistic in his predictions for this year. Not everyone participating in the discussions agreed with the calculations and arguments that were given—there were plenty of heated discussions regarding this.

"This year our work on the socioeconomic plane will be arranged like this: first the interests of the individual, then the interests of the society, and then the interests of the state. In a word, the pyramid has been turned upside down," said V.K. Yakovenko. "The budget sphere will be financed first of all, and it is planned to direct considerable amounts of money into social programs."

As they say, God willing. But what was said was backed up fairly forcefully by the second speaker—the chief of the oblast financial administration, V.I. Ivanov.

"The basic feature of the construction of this year's budget is to increase expenditures on the social sphere as much as possible," he noted in his speech. "Experience has already shown us that it is not rational to skimp here. Therefore, we are increasing subsidies to cities and rayons by a factor of 3.1. But still a great deal will depend on the condition of the economy. I am saying this in spite of the fact that production is not increasing on most of our territory. In 13 rayons there has been a considerable reduction of budget revenues. They include Balaganskiy, Zhigalovskiy, Zalarinskiy, Irkutskiy, and other rayons as well. But, on the other hand, we are counting on having among the main payers the Eastern Siberian Railroad, the Kedr joint-stock company, the Elektrosvyaz joint-stock company, Irkutskenergo, Vostsibugol, Irkutsknefteprodukt—and thus tax collections will increase.

"Until the budget is adopted, of course, it is too early to say with confidence that everything that has been earmarked will be carried out. We have a clear idea of the problems facing the oblast and a draft law on the 1995 budget."

Irkutsk Law Enforcement Organs Sum Up 1994

954F1457A Irkutsk NARODNAYA GAZETA in Russian 20 Jan 95 p 2

[Article by Sergey Marfitsin, Internal Affairs Administration News Service: "The War Against Crime Continues"]

[FBIS Translated Text] Last Friday [20 January] in the training center of the oblast internal affairs administration there was a final board meeting at which workers of law enforcement organs reported on their work during the year. In the words of the chief of the internal affairs administration, M. Nikiforov, the overall crime level in the Angara region dropped by 6 percent as compared to 1993. There was a reduction of the number of such mercenary property crimes as theft (by 15.5 percent), including from apartments—10.8 percent, and robbery—by 16.2 percent. In the sphere of the economy there were more than 2,000 crimes; 23 underground workshops were discovered in which wine and vodka surrogates were being produced on practically an industrial basis. During searches about 65 tonnes of fatal poisons was confiscated; it is fortunate that they had not yet reached the consumers. Workers of departments devoted to illegal drug trafficking worked productively; their "catch" was several hundreds of kilograms of "narcotics."

Police public safety subdivisions stepped up their work: They managed to reduce street crime by 5.9 percent and to arrest almost 200,000 (!) more people for various administrative legal violations than in 1993. The police also reacted promptly to the threatening tendency toward universal arming of the population. During the course of inventory and operational-preventive operations, more than 2,000 firearms, whose owners had violated the established rules for keeping and acquiring them, were confiscated. It is also gratifying that last year law enforcement organs managed to improve their main indicator—solving of crimes. It increased by 8.1 percent and amounted to 53 percent. If one is to speak in absolute numbers, this means that the number of crimes solved increased by 4,000. More than 32,000 criminals were arrested for their dark deeds.

But still, in spite of the positive strides in the fight against crime, the crime situation in the oblast remains strained. According to our dispassionate statistics, our oblast is still one of the regions of Russia with the highest crime level (almost 2,000 crimes per 100,000 population) and is also among the first five in terms of the number of crimes involving firearms. Last year more than 500 of them were reported. Problems with the rise of adolescent crime and legal violations among foreign citizens are still painful "sore spots" for the justice system, as are the red tape in the investigation of criminal cases and the strained situation in the places of incarceration, especially in investigatory detention cells, where many more people are kept than there should be according to existing norms.

It is also alarming that many subdivisions for fighting economic crime have been unable to adapt fully to the market conditions and have not yet gained the necessary experience and professionalism in the fight against crime. Possibly herein lies the reason for the numerous examples of illegal trade activity and deception of credulous buyers, with whose money enterprising swindlers pile up billions of rubles. The recent case of financial skullduggery involving the infamous Marsel, which was supposed to be trading in automobiles with prepayment and which absconded with hundreds of millions of rubles from its investors, is clear confirmation of this.

Also extensively considered at the board meeting were questions of violation of work discipline, loss of standard issue weapons, abuse of power, and the commission of crimes by internal affairs workers. There is no place in the ranks of the militant comrades for such workers who besmirch the honor of the uniform, and the police will stop at nothing to get rid of them.

In order to test the personal competence of leaders of large subdivisions and confirm their high degree of professionalism, within the framework of the oblast seminar of internal affairs department chiefs, tests were given for job, weapon fire, and physical training. In these everyone could demonstrate his ability to deal with a difficult operational situation and show his physical strength and accuracy in firing with standard issue weapons. Those speaking to the leaders gathered at the collegium were fighters from the special-purpose militia detachment and the investigation administration, who demonstrated ways of mastering hand-to-hand combat, quelling mass disorders, releasing hostages, and inspecting sites of incidents involving the discovery of explosive devices.

Tatarstan Cabinet Meets on Current Tasks

954F1532A Kazan IZVESTIYA TATARSTANA in Russian 24 Feb 95 p 2

[Unattributed report: "New Government Determines Priorities"]

[FBIS Translated Text] On 20 February, Tatarstan Prime Minister F. Mukhametshin convened a session of the republic Cabinet of Ministers devoted to the key issues of socioeconomic development of the republic this year.

As reported in the session report drawn up jointly by the press center of the Tatarstan Republic Council of Ministers and the TATAR-INFORM agency, the main attention was devoted to an analysis of last year's results, of omissions and reserve potential in the activity of enterprises and organizations, ministries, and departments, and on this basis—to a determination of priority orientations on which available material and financial capacities should be concentrated to stabilize the situation in the republic economy.

The first speech on this subject was delivered by Deputy Prime Minister A. Gabutdinova, who also chairs the Tatarstan Republic State Committee on the Economy.

In her words, this is now the third year during which transformations have been ongoing in accordance with the State Program of Stabilization and Transition of the Economy to Market Relations, over the course of which the nonstate sector has been acquiring ever increasing influence in the economy. This thesis was illustrated by reference to the fact that in 1994, over $17.5 million in foreign investments was attracted to Tatarstan's economy, and by the statement that the annual rate of inflation last year was one-third the level of 1993, and one-sixth the level of 1992, and that as a result of measures to stabilize the economy in the second half of the year, a trend was observed towards reduction of the rate of production decline—from 35.1 percent in March to 8.9 percent in December.

At the same time, A. Gabutdinova acknowledged that there was a drop in production volumes in 1994 from 1993 levels in sectors of the national economy, especially in the assimilation of capital investments (66.5 percent of the 1993 volume), and that this was the result of an overall structural imbalance among the sectors that hindered reproduction, the noncompetitiveness of production output, persistent inflation, and as a result—reciprocal nonpayments and a chronic shortage of working capital.

Another important reason for the decline is the inadequate utilization of available reserves within the republic: poor mobilization of budgetary financial assets, the privatization fund, and other nonbudget funds, ineffective use of credit resources allocated for the needs of framework restructuring, failure to take advantage of opportunities for reorganizing enterprises, and insufficient attraction of monetary assets of the populace and nonstate sources of financing into capital construction. The speaker also noted that antimonopoly policy on the part of the state had not been developed.

A. Gabutdinova cited certain positive examples "of smooth operation more or less" during the second half of the year in major enterprises of the oil production and petrochemical complex: the joint-stock companies Tatneft, Nizhnekamskneftekhim, and Nizhnekamskshina, as well as Teplokontrol, Chistopol Watch Works, and Tatkhimfarmpreparaty. Also noted here were the successes achieved by the agrarian sector of the republic, which harvested 4.3 million tonnes of grain last year. In this regard, grain crop productivity totalled about 27 quintals per hectare for the first time. Over the past three years, gross agricultural production output increased 3 percent over 1989-1991 levels.

What must be done in 1995? In the opinion of the chairman of the Tatarstan Republic State Committee on the Economy, we must accomplish the framework restructuring of industry—to develop and implement long-term state programs establishing potential for economic growth. Who will develop these and when they will manage to be developed is not clear from the report obtained by IZVESTIYA TATARSTANA. On the other hand, the notion that the most promising projects and programs should receive state support resounded clearly. In order to do this, "it makes sense to form an interdepartmental commission on structural investment policy in the republic." Apparently, the authority and potential of the State Committee on the Economy—precisely such an interdepartmental structure by its very nature—are inadequate to accomplish the task. At the same time, A. Gabutdinova called for more energetic efforts to be made in the establishment of financial-industrial groups, since "integration of our financial and industrial potential will facilitate bringing about a higher rate of growth in the processing sectors, where great scientific-technical potential is concentrated."

One of the most important orientations of the work to be done in 1995 must be the effective management of large blocks of state-owned shares, the speaker continued. These account for approximately 44 percent of the total authorized capital of all enterprises undergoing privatization. It will be necessary to develop a mechanism for buying portions of enterprise securities during their original placement, with subsequent sale in the market after investment projects are completed. Their sale will facilitate execution of the income portion of the budget in the future.

The need to continue our development of integrational ties with the CIS countries and regions of the Russian Federation in the future remains an urgent matter. As of today, Tatarstan has established business contacts with 42 regions of Russia and virtually all the CIS countries, A. Gabutdinova stated. This enables us to effect regulation of commodity flows and determine economically advantageous regions and production suppliers on the republic level.

Tatarstan Republic Minister of Finance D. Nagumanov then spoke on draft plans for the 1995 budget system, noting that in 1994 the republic budget mobilized R2.151 trillion in income, and that predictions this year called for revenues amounting to R4.3 trillion, i.e., double last year's amount. We might add that it is only double last year's amount, in other words, an amount clearly insufficient to accomplish the tasks confronting the republic when we take into account estimates of the rate of inflation. In the opinion of the finance minister, reserves for replenishing the income portion of the budget lie in increasing exactingness of those who make tax and other payments, in combination with providing incentives for commodity producers.

D. Nagumanov further stated that a special sphere of our activity consisted of mutual tax relations with the federal budget. Over 1994, in building mutual relations with the federal budget on the basis of intergovernmental and interministerial agreements, of the R2.5 trillion total in taxes collected in the republic for the federal budget, R400 billion, or about 16 percent, was transferred.

It is a complicated task to conclude an interministerial agreement on distribution of the value-added tax between the federal budget and budget of the Tatarstan Republic. The cost is also exceedingly great.

Prime Minister F. Mukhametshin generalized the results of the first two questions on the agenda.

Specifically, the prime minister stated the main conclusion—that in 1995, the economy of Tatarstan would exist under conditions of strict thrift in all spheres.

With respect to top-priority tasks, the head of government cited the search for reserves in activity of the Ministry for Foreign Economic Relations, and intensification of efforts to control the use of the state's share of property by the State Committee for Management of State Property.

There is a need for monthly control over the outlays and income portions of the budget, for proportional distribution of assets by individual item, F. Mukhametshin stressed. Goal-oriented, careful and thorough work lies ahead of us here.

The prime minister expressed serious criticism of the leadership of the Antimonopoly Administration and Committee on Bankruptcy, which "as yet have completely failed to show their worth."

It is impossible to provide support to all from the budget—only to those enterprises that are capable of turning over assets in very short periods of time by producing competitive output.

F. Mukhametshin stated that the government intends to radically change the situation in the construction industry. To this end, a fundamental program is being developed that is intended to encompass all aspects of operation of this important sector.

The speech of R. Muratov, first deputy prime minister of the Tatarstan Republic, was dedicated to matters of the development of Tatarstan's State Program for Economic and Social Development.

Even today we see the special attention required by sections of the program related to the future of machine-building, defense-complex enterprises, and the petrochemical industry, the first deputy prime minister emphasized. A detailed study of the financial state of affairs at 45 enterprises of the republic's machine-building complex, including defense enterprises, showed quite disturbing results. The enterprises studied can be divided into three groups.

The first group includes production facilities with a relatively stable economic condition. Their prospects are good for reestablishing solvency and they have specific programs for technical development. There are 12 such enterprises.

The second group, consisting of eight enterprises, includes those whose solvency is unsatisfactory, but which, nonetheless, have promising programs for future stabilization and production development.

The third group comprises 25 enterprises for which prospects for solvency are lacking, as is any kind of program basis for the future. Only in 15 of the enterprises will the implementation of conversion plans developed require investments of up to R1.4 trillion.

This analysis convinces us once again of the need for urgent structural reform of the economy, and of the importance of bolder development of entrepreneurial activity.

The completed stage of fulfillment of the Program for Economic and Social Development enables us today to answer the question: Where do we begin? First of all we should study the financial and commodity flows and methods of controlling these. Without any doubt, an effective beginning can be made only through daily, painstaking work with the republic's financial resources.

First of all, financial resources must be primarily directed towards the development of technologies in the petrochemical industry and oil extraction, from which funds will certainly yield greater effective return than from other sectors of the economy. The funds obtained as a result of this must serve as a catalyst in strengthening the machine-building industry—the pivotal sector of Tatarstan's economy. The future of the republic is related to machine-building and the petrochemical industry.

With respect to a number of program sections related to finance-credit policy and taxes, significant efforts are required in reaffirming the mandatory nature of strict implementation of intergovernmental agreements with the Russian Federation. Here additional coordination with the federal government is needed.

The most difficult issue is budget formulation and the budget structure. In the view of the governmental commission, income tax from physical persons must play the dominating role in the budget structure in future. This partially explains our thorough elaboration of the section "Social Policy."

This section first examined proposals related to wages, labor relations, and employment. The attention focused on this material was so great that it was scrutinized at the government-commission level from the very first editing. And as you know, resolutions were formulated and adopted increasing the minimum wage.

Significant progress was noted as well with respect to housing problems. A number of documents already issued reflect a determination of strategy with regard to changes in housing rates and the mechanism enabling us to begin the process of establishing a housing market in the republic. At the same time, measures were developed to protect citizens' rights in the provision of housing and municipal services. The Cabinet of Ministers Decree on purchase by the State From the Elderly of Housing Constituting Their Private Property was adopted. Proposals on housing mortgages and the housing certificate system are in the development stage.

Related to adoption of the resolution changing the minimum wage, appropriate measures were envisaged with respect to social protection for pensioners, the disabled, pregnant women, and children.

A special issue requiring serious attention is the question of reform of production and the processing of agricultural output. We must overcome the existing stereotype in our approach to formulation of purchase and retail prices for agricultural production output and foodstuffs. With all the expenses involved in agricultural production and flaws regarding the forms of ownership of land and other assets, it must be acknowledged that current purchase prices are detrimental to the rural economy and have a negative effect primarily on ordinary rural residents, even in view of production indices that are higher than those observed overall across Russia.

The situation of the village is further aggravated by the fact that the difference in budget subsidies for social needs received by city and rural residents constitutes over R50,000 per individual in favor of the city resident. No matter how difficult it may be, the existing practice of distribution of budgetary assets must be changed taking into account the principles of fairness and equal rights for Tatarstan citizens. A package of draft decrees has presently been drawn up enabling us to take significant steps in this direction.

Tatarstan President M. Shaymiyev addressed session participants. He expressed his satisfaction at the fact that the government was setting new goals and becoming actively involved in the search for reserves. Among the main objectives of the new Cabinet of Ministers, M. Shaymiyev singled out the determination of priority orientations in stabilizing and developing the national economy, and the development of a mechanism enabling us to set up an effective system of management of state enterprises and state property.

Both privatization and conversion to joint shares were made subordinate to a single global objective—enhancing production effectiveness. This has not yet been achieved, however. Another important aspect of market conditions is a flexible system of taxation. A massive shortage in tax collection was observed last year. The government must become earnestly involved in creating the kind of tax system that will stimulate the inflow of investments, one that is attractive to investors. Significant attention must also be focused on increasing financial discipline—otherwise, the nonpayments crisis will only deepen.

The survivability of Tatarstan's economy under market conditions depends on this set of issues, M. Shaymiyev noted.

The attraction of investments into production is today one of the main questions that must be resolved in deciding the future of our economy. Both foreign and Russian capital must be attracted more energetically. A stable socioeconomic situation in our republic facilitates this. But we have not yet devoted attention to private capital, the president noted, as though it entirely did not exist in nature.

We must be bolder in working with private companies and banks, providing them state guarantees.

In the volumes of investments we require, it would be prudent for us to work with securities, not forgetting to exercise caution in this regard. Here is where our real opportunities lie. According to predictions, the Russian Government will apparently be involved in purchasing shares of privatized enterprises. Accordingly, we too must thoroughly ponder these issues.

Special attention must be devoted to the use of Russian treasury bonds. The impression is created that no one is engaged in this activity here, but a great deal can be done through it. Bonds totalling R128 trillion have been issued across Russia. The share attributable to our republic is more than R3 trillion. This is a tremendous amount! Here is where we are still not working on a sufficiently large scale. In this regard, we clearly see the need to carry out energetic, purposeful efforts in Russia's economic space and get appropriately involved in intensive work with federal organs. The directors of certain ministries and departments must overcome inertia and complacency, and must become actively engaged in specific efforts to acquire federal state orders drawn up by the center.

M. Shaymiyev went on to focus detailed attention on matters of enlisting banking structures in investments, and increasing supervision by the Ministry of Finance, State Committee for the Management of State Property, and the tax services and administrations of cities over the activity of dubious firms and companies engaged in collecting money from the populace with the promise of high interest rates, or simply put—engaged in activity to defraud the populace.

In discussing the problem of development of the agroindustrial complex, M. Shaymiyev stated that it is necessary to bring commodity producers under state protection. After all, it is no accident that Western producers engaged in commodity export are subsidized and supported by the state. On the one hand, this brings an influx of capital, and on the other—it increases the number of job positions, i.e., resolves employment problems.

Time will tell whether or not our policy of "bringing ready production to the market" is correct, thanks to introduction of the newest technologies for producing competitive output.

Of course, it is unrealistic to render the previous volumes of assistance to agricultural production. We will resolutely demand reform in this sphere with the aim of improving effectiveness.

Addressing pricing policy, the president stated it was necessary to gradually retreat from budget subsidies for food products. He said that plans for the first half of the year called for the cessation of subsidies for livestock production output and simultaneous price regulation.

Asserting that there is a shortage of budgetary assets, President M. Shaymiyev emphasized in conclusion that this circumstance nonetheless "does not give us the right to reduce financing in the spheres of public health, culture, and public education. In the final analysis, the budget exists to provide monetary assets for these areas. In this way we guarantee the constitutional rights of citizens."

Certain other issues were also examined at the session of the Tatarstan Republic Cabinet of Ministers.

Krasnodar Official on Moscow Agreement

954F1409A Krasnodar KUBANSKIY KURYER in Russian 31 Jan 95 p 2

[Interview with A. Brazhnikov, acting first deputy general director of the Department of Agriculture and Foodstuffs of Krasnodar Kray, by Ye. Savostin; place and date not given: "Kuban To Share Surplus With Moscow"]

[FBIS Translated Text] As already reported in the central mass media, an agreement has been signed on shipments of foodstuffs from Kuban to Moscow. The agreement is signed by two governors—Kharitonov and Luzhkov. It cannot be said that this news is surprising. Shortly before being removed from his position, V. Samoylenko, former mayor of the city of Krasnodar, spoke in detail concerning this program.

Today it is an accomplished fact. A. Brazhnikov, acting first deputy general director of the Department of Agriculture and Foodstuffs of Krasnodar Kray, agreed to provide us commentary.

[Brazhnikov] Significant preparatory work preceded the signing of the general agreement. The fact is that a great quantity of the kray's food production remains undemanded. In particular, we have stores of canned vegetables and fruits dating back to 1992. The problem is paying for it. We know that a peasant has to wait one year before reaping his harvest, raising livestock, or obtaining milk and butter. Under the presently operating prepayment system, the efforts of village workers have practically been reduced to naught. Taking rising inflation into account, the decision was made to apply a flexible system of advance payment which would suit both the producer and the customer.

[Savostin] The people of Kuban may ask the question—what is going on? They want to completely plunder our kray—there is not enough food!

[Brazhnikov] There is no need to prophesy a food crisis in Kuban—we do not have one and will not have one. Only that portion of food products remaining unclaimed in the kray, even with maximum consumer demand, will be designated for shipment.

Let me cite some figures for the sake of clarity. Moscow needs milk. Milk surpluses remaining in the kray over the course of the year amount to 250,000 tonnes. But we are only shipping 200,000 tonnes to the capital. The remaining 50,000 will be held in reserve. The same applies to meat products and grain.

[Savostin] What is this advance-payment system, and why is it more advantageous than the one we have been using for the purchase of standing crops?

[Brazhnikov] The client enterprise concludes a contract with the supplying agricultural enterprise for a certain quantity of production output—grain, let us say. Twenty-five percent of the cost, proceeding from current market prices, is paid right away. Another 25 percent is paid after the sowing and seedling work is done, once again—at prices currently in effect. The remaining 50 percent is paid for the final product. Most importantly, it is done in real prices.

Thanks to this agreement, we today have the opportunity to receive from Muscovites no less than R280 billion as an advance payment on our grain. This means we can provide spare parts and fuel for our tractor and machinery inventory for the sowing campaign. We are moving toward spring. It is time for the zealous farmer to be thinking about his business.

This agreement is a great help. Especially when you consider the situation many farms in the kray find themselves in today.

[Savostin] What—are things going poorly?

[Brazhnikov] We should not make such a categorical assertion. The figures speak for themselves, however. Meat production has been halved. The same applies to milk. Whereas in 1991 the kray produced 1 billion standard cans of canned food products, the figure for 1994 was 440,000.

We have tried before to conclude agreements with various regions of Russia—Nizhniy Novgorod, Siberia. But Moscow represents a major, significant step. And both sides are interested in equal cooperation. This is gratifying. I think the benefit from this will be mutual.

[Savostin] In other words, residents of Kuban can look at this calmly? Muscovites will only procure what is undemanded here?

[Brazhnikov] Precisely. No one intends to sell the standing riches of Kuban. This is normal economic cooperation on a mutually advantageous basis, which will enable us to partially surmount the crisis that has come about.

Krasnodar Kray 1994 Crime Figures Detailed

954F1402A Krasnodar KUBANSKIYE NOVOSTI in Russian 24 Jan 95 p 2

[Report by Krasnodar Kray Internal Affairs Administration: "1994 Crime and Public Order"]

[FBIS Translated Text] **The daily official operational activity of the services of internal affairs organs and subdivisions have been directed toward practical tasks of fighting crime and preserving public order. In order to raise the level of impact on the condition of the operational situation last year, a complex of organizational and practical measures were taken to improve the official operational activity, professionalism, and competence of the personnel.**

There has been regular monitoring of the fulfillment of the requirements of the Russian Federation president's edicts concerning stepping up the fight against crime and corruption and reinforcing public order, including the edict of 24 April 1993 "On Measures for Stabilizing the Situation in Krasnodar Kray," the decrees of the Government of Russia and the kray administration regarding this issue, and edict No. 1226 of 14 June 1994 "On Immediate Measures for Protecting the Population from Gangsterism and other Manifestations of Organized Crime."

On the scale of the kray a number of tasks have been worked on an operational level for taking action in an emergency situation. A number of the territory's rayons have undertaken large-scale operational-preventive operations in order to enlist forces and personnel from city and rayon organs, special-purpose militia detachments, the Cossacks, and public forces.

Throughout 1994 the crime situation in the kray remained acute. The dynamics and structure of crime along with the

traditional causes and conditions continued to be determined by the negative circumstances arising from the difficulties in social and economic development.

The number of crimes reported through all services decreased by 6.2 percent and amounted to 76,811 and during the APPG (analogous period of last year) crime increased by 0.9 percent.

The crime level per 10,000 population in the kray decreased last year by 6.7 percent (from 167.9 to 156.6) and the rates of the reduction of its level were highest in large industrial and resort cities.

The number of reported crimes decreased in 34 cities and rayons of the kray, and most significantly in Novorossiysk, Gelendzhik, Tuapsinskiy, Mostovskiy, Kalininsky, Labinskiy, and Anapskiy—by an average of 32.9-13.2 percent.

In 19 internal affairs departments the number of crimes reported was greater than during the analogous period of last year, especially in Novokubansk, Goryachiy Klyuch, Kalinin, Krylov, Kushchevsk, and Tikhoretsk, where the growth of crime amounted to 24.1-13.8 percent.

On the whole the structure of crime is characterized by a reduction of the number of crimes reported through the SKM (criminal police services) and an increase of those discovered through the public safety police and in the sphere of the economy.

The proportion of crimes with mandatory preliminary investigation (SKM) in the overall structure of crime decreased from 84.9 to 74.3 percent. A total of 57,058 of them were reported. According to the results of the year the rates of crime reduction in the SKM amounted to 18.0 percent. For the analogous period of last year crimes in this group decreased by 2.6 percent.

In 42 internal affairs departments the number of crimes reported through the criminal police decreased. Crime decreased at greater rates in cities and rayons of the Black Sea coast, the kray center, and in other industrial rayons and cities. On the whole in this sector the reduction amounted to 21.8 percent, while in the agrarian sector it was 12.5 percent.

The largest number of crimes were reported in the internal affairs administration of the Central District of Krasnodar (2,994) and the smallest number—the Krylov internal affairs department (274).

A considerable (+122.7 percent) increase in serious offenses was noted. This was brought about primarily by changes introduced into Article 71 of the Russian Federation Criminal Code, according to which the list of serious crimes was significantly expanded. Because of this their level, according to the results of the 12 months, reached 43.8 percent as against 16.2 percent during the analogous period of last year.

The number of crimes committed with the use of firearms and explosives decreased by 41.9 percent (233). Firearms were used in committing one out of six murders and acts of hooliganism.

On the whole the crimes reported through the SKM are characterized by a considerable reduction of theft, robbery, and muggings. But against the background of a reduction of mercenary violent offenses as a whole, one is alarmed by the significant increase in theft and robberies of trade facilities (+73.4 percent) and hijackings (twofold).

An analysis of the statistics shows that the drop in its dynamics observed throughout the year affected mainly the less serious types of illegal actions. Thus the overall number of thefts this year decreased by 28.9 percent, while during the analogous period of last year—only 13.9 percent.

The measures taken by internal affairs organs contributed toward a certain improvement in the results in the fight against property encroachments. The number of muggings that were solved increased from 50.1 to 55.0 percent, robberies—from 34.1 to 39.7 percent, and thefts—from 30.1 to 38.1 percent.

The rise of violent crimes against persons has continued. Murders have ceased to be mainly situational (domestic) and have assumed the features of premeditation. Thus with a 6.4 percent growth of premeditated murders there was a 9.0 percent reduction of those occurring in a domestic environment. So-called contract murders are becoming widespread.

The operational situation in the region has been aggravated significantly by the actions of groups with a high degree of organization.

One of the most important of the priority areas of official operational activity of internal affairs organizations in connection with this was the adoption of measures for implementing Edict No. 1226 of the President of the Russian Federation of 14 June 1994 "On Immediate Measures for Protecting the Population from Gangsterism and Other Manifestations of Organized Crime."

As soon as the edict was signed, the internal affairs department discovered 1,376 crime groups. As a result of operational investigation measures that were taken they solved 1,792 serious crimes committed by members of organized crime formations, in relation to which they filed 1,506 criminal cases, 12 of which involved gangsterism.

Internal affairs organs confiscated from criminals 790 firearms, including 69 automatic weapons.

City and rayon administrations are contributing to this work.

The problem of fighting drug addiction and drug trafficking is serious. On the whole the situation is characterized by a sharp increase in the demand for drugs and a steady growth of the scale of their illegal distribution.

The overall prognosis for drug use in Krasnodar Kray is not favorable. While in 1990 1,158 crimes involving illegal drugs were reported, in 1993 the figure tripled

(3,925), and during 1994 the number of crimes in this category that were reported reached 5,133, a 30.8 percent increase as compared to the analogous period of last year.

More than 1.7 tonnes of narcotic substances were confiscated. The number of cases of drug sales increased by 99.6 percent (505) and habitual drug consumption—by 12.5 percent (27).

The main deliveries of narcotic substances of vegetable origin in Krasnodar Kray come from the Republic of Ukraine (poppy straw) and the countries of Central Asia, Kazakhstan, and a number of other countries of the near abroad.

A large number of citizens arrested for drug related crimes are individuals 18-30 years of age, and two-thirds of them do not have a permanent source of income.

On the kray internal affairs department records there are 8,400 individuals (including 263 minors) who consume narcotic and other strong substances for nonmedicinal purposes.

The number of crimes solved is characterized best from the results of the year.

The number of crimes left unsolved decreased by 30.1 percent (27,608) and the indicator of solving them increased from 52.2 to 64.5 percent. The solving of crimes improved for practically all kinds of criminal actions.

Crime solving indicators increased in 52 internal affairs departments. The solving of crimes is better than the kray average in 36 departments. In the Krylovskiy, Bryukhovetskiy, Pavlovskiy, Shcherbinovskiy, and Korenovskiy Rayon departments less than 17 percent of the crimes have been left unsolved.

The solving of crimes by the criminal police service amounted to 53.7 percent of the crimes as against 44.8 percent during the analogous period of last year, and 26,941 crimes (-30.6 percent) were left unsolved.

The increased number of operational criminal investigation personnel and investigators as well as the strengthening of inquiry subdivisions and also the reduction of the number of reported crimes contributed significantly to the improvement of the crime solving indicators.

At the same time, crime solving became worse with respect to robbery and burglaries, crimes committed with weapons and explosives, rapes, and thefts of motor vehicles and money from cash registers.

There was a significant increase in the proportion of crimes solved with the participation of the PPS [expansion not identified], duty units, and precinct inspectors. Some 33.5 percent of the crimes reported were solved in a matter of days.

Criminal investigation indicators improved somewhat: 5,365 (+17.4 percent) were investigated and 4,085 (+21.5 percent) were located, or 76.1 percent as against 73.6 percent during the analogous period of last year. At the same time a large number of individuals who have committed crimes are still wanted (1,280), including 280 murderers, rapists, robbers, and thieves.

The internal affairs departments have listed as wanted 2,855 (+5.6 percent) missing citizens and located 2,240 or 78.5 percent as against 77.1 percent.

The number of **criminals located through all the services** increased by 15.9 percent (46,883).

The number of individuals against whom criminal charges were brought for crimes for which a preliminary investigation is mandatory increased by 5.9 percent (24,723), and their proportion increased from 80.6 to 86.1 percent.

Among the participants in crimes, local residents made up 90.3 percent.

Practically one out of eight crimes was committed by a minor, one out of four of them were intoxicated, one out of six had committed crimes previously, and one out of three was acting in a group.

Most of the violators of criminal law (43.4 percent) are representatives of the most active part of the population—young people from 18 to 30 years of age.

It should also be noted that of the crimes that were solved, 22.4 percent fewer were committed by a group of individuals, by minors—18.7 percent, by recidivists—4.9 percent, and by individuals who were intoxicated—by 21.4 percent.

An increase in criminal actions is typical of practically all branches of the economy, but the most crimes were found in the credit-finance and foreign economic spheres, the manufacturing industry, trade, and transportation.

Crime continues to spread at high rates in the consumer market, where every day there are cases of illegal raising of prices, illegal business and consumer fraud, trade in phony goods, and other legal violations.

Last year internal affairs department subdivisions somewhat improved their activity for preventing crime in the sphere of the economy. Everywhere with the exception of the Kropotkinskiy, Slavyanskiy, Kanevskiy, Severskiy, Beloglinskiy, and Apsheronskiy departments there was an increase in the number of crimes solved, and in Sochi, Tuapse, Yeysk, Labinsk, Armavir, and Goryachiy Klyuch it was significant (more than double).

In the kray as a whole 6,950 crimes of this category were discovered—50.4 percent more, including 4,563 (+4.2 percent) for which a preliminary investigation is mandatory. More cases were discovered of illegal transactions with currency assets, forgery, concealment of income, and consumer fraud.

During the past period the internal affairs departments continued to conduct a number of organizational and practical measures aimed at improving the activity of the **public safety police.**

As compared to the analogous period of last year, the operational situation in public places has improved significantly. The number of crimes committed has decreased by one-fourth, including on the streets—by 34.5 percent. There were fewer reported premeditated murders, cases of serious bodily harm, robberies, muggings, theft, and crimes involving weapons and explosives.

The proportion of street crimes in the overall number of reported crimes decreased from 9.0 to 6.3 percent, but in 16 cities and rayons it exceeded the average indicator for the kray, and in Tsentralnyy (Krasnodar), Zapadnyy (Krasnodar), Tsentralyy (Novorossiysk) and Armavir it was almost twice this amount.

The solving of street crimes increased from 52.4 to 64.1 percent.

In the structure of crimes committed on the streets there is a predominance of robbery and muggings, thefts, and hooliganism.

One of the most important tasks of internal affairs organs is to cut off channels for **entry of weapons into the kray and cases of their illegal storage and circulation.**

In 1994 more than 1,300 criminal cases were filed under Article 218 of the RSFSR Criminal Code.

During last year on the territory of the kray the large-scale operation "Arsenal" was conducted in three stages for confiscating from the population firearms, ammunition, and explosives that were being kept illegally and for preventing the activity of armed criminal formations. During the course of this about 650 units of firearms and more than 2,800 units of ammunition were taken out of circulation. They solved 73 crimes committed with weapons and discovered four armed criminal formations.

Among the confiscated weapons were: one grenade thrower, 59 automatic rifles, two machine guns, 300 pistols and revolvers, 200 rifles and carbines, 784 hunting rifles, 294 sawed-off shotguns, 105 units of homemade weapons, 40 gas cartridges, more than 200,000 other cartridges of various models and calibers, five grenades, and 0.6 kilograms of explosives.

A typical feature of the kray is the multinational composition of its residents. More than 120 nationalities and ethnic groups live here. There are 60 national-cultural associations registered and operating. Services of the internal affairs administration have established working contacts with 22 national-cultural societies. In conjunction with them work is being done to unite forces that have a favorable effect on interethnic relations in the Kuban.

Some of the societies have actively engaged in the work for preserving law and order. First among them are the **Cossack organizations.** Their regulations envision joint activity with internal affairs organs for maintaining public order.

At the present time there are more than 404 Cossack societies with more than 60,000 members. From these they have formed 239 detachments which include about 4,000 Cossacks, and 164 Cossack detachments are supernumerary police inspectors.

Cossack detachments in conjunction with internal affairs department workers have conducted 3,020 raids, solved 507 crimes, arrested 93 individuals who were wanted, and brought administrative charges against more than 44,800 individuals. The sum of the fines imposed exceeded R154.2 million.

Work was continued for reviving **public law enforcement formations** and increasing their role in maintaining public safety. There are about 2,000 voluntary people's detachments and 588 OPOP [expansion not indicated] operating in the kray. The activity of 1,100 comrades' courts and 4,100 block committees has been resumed. Through the efforts of local administrations and territorial internal affairs departments there have been 12,800 congresses of citizens and meetings in labor collectives. The possibilities of the press, radio, and television have been used more extensively for legal information and publicity (more than 10,000 speeches and articles have been prepared).

As compared to last year the number of members of people's police detachments has increased practically 1.5-fold and exceeded 13,000. With the participation of the voluntary people's detachments more than 2,200 raids were conducted and more than 42,000 legal violators and 71 criminals were arrested.

Comprehensive operational-preventive measures conducted on a kray-wide scale have had a positive impact on the stabilization of the operational situation. About 2,000 of them were conducted last year. During the course of their work more than 1,000 units of firearms, R248 million, and more than 2 tonnes of narcotic and strong substances were confiscated. The shipment of 18 tonnes of oil and petroleum products and 41 tonnes of food was prevented.

The unabated migratory flow creates a significant threat to stability in the kray. There are more than 195,000 refugees registered on the territory of the kray. There are 60,800 living here without passes and about 47,000 of them have jobs. Last year more than 20,000 individuals of this category were registered.

Work is being done to register individuals from the near abroad who are temporarily residing in the kray, and discovering those who are violating the established procedure for remaining here. We have registered 121,600 of these people and discovered 71,700 residing here without registration. We have penalized 68,300 violators, including 530 officials. The sum of fines that were imposed amounted to R628.483 million (during all of 1993—R76.8 million).

There were 4,285 violators expelled from the kray (in 1993—771), including 671 who were expelled by force.

Criminal charges were brought under Article 197 of the Russian Federation Criminal Code against 312 individuals, of whom 37 were convicted.

In order to protect the borders and maintain public safety and law and order in the border regions **work was done to improve the protective system of the checkpoints.** Some 35 checkpoints were put into operation. Checkpoint workers inspected more than 2.5 million transportation units. They discovered 841 motor vehicles that were being used for criminal purposes and confiscated 367 units of transportation that had been hijacked or stolen and were being sought. They discovered 511 cases of illegal shipment of drugs. They confiscated more than 107 kilograms of drugs, 184 units of firearms, and 3,800 units of ammunition. They discovered more than 670 forged documents. They detained and arrested 976 criminals and 21 individuals who were wanted, and they filled out more than 28,000 sets of administrative documents.

To the same end, at the end of 1993 a **police department was created on the federal highway "Kavkaz"** in the kray serving a territory of 320 kilometers along the territorial-administrative border of Krasnodar Kray. Seven police departments for operational service have been created and are functioning under its jurisdiction.

During the year of its existence the department has discovered and reported more than 800 crimes.

Department workers have revealed 29 crime groups engaging in robbery, mugging, extortion, and embezzlement along the "Kavkaz" federal highway. They have arrested nine criminals and confiscated 15 motor vehicles that were wanted.

As a result of close interaction with customs officials on the "Kavkaz" highway they have detained 500 motor vehicles with forged customs documents and six KamAZ trucks with unlicensed cargo. More than 250 cases of shipment of strategic raw material outside the Russian Federation have been prevented.

Administrative charges have been brought against 1.275 million violators, of whom 28,100 have been subjected to administrative arrest, 12,900—have been deprived of special rights, 788—have been subjected to corrective labor, and 1.0218 million have been fined. The sum of fines imposed exceeded R6.163 billion and R5,456,127,000 has been collected from the violators.

The measures taken to strengthen supervision of the work of the **public safety police** have made it possible to step up the activity of the internal affairs departments of the kray for uncovering crimes **for which preliminary investigation is not mandatory.** Everywhere with the exception of the Uspenskiy Rayon internal affairs department the number of reported crimes in this category has increased.

During the year 19,753 of these crimes were reported, which is 59.9 percent more, and their proportion in the structure of crime increased from 15.1 to 25.7 percent.

Proceedings were completed on 16,031 crimes in this category, which exceeds the 1993 indicator by a factor of more than 1.5. For 51.8 percent of the cases that were completed, the proceedings were conducted according to protocol form. More than 12,500 sets of materials were sent to the courts and more than two-thirds of them—in protocol form.

More than 62 percent of the crimes for which a preliminary investigation is not required were discovered on the initiative of police workers, and more than half of them—by precinct police inspectors.

With the increased police activity **the counteraction on the part of the criminal environment becomes stronger.** The number of cases of active resistance to legal actions on the part of police workers increased from 132 to 248 (+87.9 percent).

Seven internal affairs department workers died and two were injured while stopping crimes and arresting legal violators.

Last year the situation remained difficult with respect to fire protection of facilities of the national economy in the housing sector. There were 6,145 fires reported (-0.2 percent). Direct losses from fires increased by a factor of 2.7 and amounted to more than R6.7 billion. There were 373 people (+8.7 percent) who died in fires. Fire destroyed more than 800 structures, 170 units of technical equipment, 350 head of cattle, and 4,500 tonnes of coarse feeds.

The main causes of the fires, as usual, are careless handling of fire, operation of faulty electrical equipment, and children playing with fire. The proportion of arson is increasing among the causes of fire, and every tenth fire is the result of arson.

An alarming situation with respect to fires is observed in Dinskiy, Belorechenskiy, Labinskiy, Kushchevskiy and Kalininskiy Rayons, where the increase in the number of fires as compared to the analogous period of last year amounted to from 25.7 to 72.0 percent, and losses from them increased 10-fold.

During the course of fire prevention measures administrative charges were filed against more than 15,000 individuals and the operation of more than 4,600 shops and sections and about 46,000 sections of electricity networks was halted.

The situation with traffic accidents in the kray remains difficult. During the past period 7,211 traffic accidents were reported (3.4 percent less). In spite of the reduction of the number of accidents, the level of seriousness remains high: 1,531 died (+3.9 percent) and 8,051 were injured (-6.7 percent).

Drivers were to blame for 80.4 percent of the traffic accidents, and **one out of every four of them was intoxicated.** Most of the violators were private owners (72.3 percent) and practically one-third of them (29.3 percent) were drunk. Pedestrians were to blame for one out of five traffic accidents.

The number of traffic accidents has increased in Anapskiy, Khostinskiy, Vyselkovskiy, Primorsko-Akhtarskiy, Yeyskiy, and Starominskiy Rayons.

In 1994 **individuals in SID and SR [expansions not indicated] subdivisions** committed 32 crimes (-46.0 percent). There were no cases of premeditated murder, serious bodily harm, or actions that disorganize the functioning of the corrective labor camps. The number of escapes decreased from 23 to 8.

During the year SID and SR subdivisions produced R10.5 billion worth of products and sold R8.8 billion. The profit exceeded R1.5 billion.

The efforts of internal affairs organs for enforcing legislation and other normative acts of federal and local authorities for fighting crime during the past year have produced positive results.

The **reduction of the growth rates of crime has stabilized** since it began in the second quarter of 1993. Since March 1994 we have not even been speaking about growth rates but about the rates of reduction of overall crime.

According to the results of 1994 the indicator of the reduction of crime throughout the SKM was the highest (18.0 percent). The process of crime reduction is basically related to the positive changes in the dynamics of mercenary and mercenary-violent encroachments.

The operational situation in the region has been aggravated significantly by the actions of groups with a high degree of organization. As a rule these organizations have a ramified network of international, interregional, and corrupt connections, and they have significant arsenals and large sums of money. A considerable proportion of the crimes they commit are general crimes and also offenses in the sphere of the economy (banking scandals, forging of various documents and seals, large-scale theft, illegal exportation of products, extortion, cheating, and illegal operations with drugs and weapons).

Still, the measures that have been taken have been inadequate. They have not provided for a radical improvement in the operational situation in the kray. Crime has risen in 19 cities and rayons, including crime under the criminal police in 11 of them. The most intensive growth is noted in Kalininskiy, Novokubanskiy, Novopokrovskiy, and Tbilisskiy Rayons.

A difficult operational situation has developed in the kray center, in the cities of Novorossiysk, Goryachiy Klyuch, Armavir and Anapskiy, Yeyskiy, Krymskiy and Tikhoretskiy Rayons. They account for more than 40 percent of all the reported crimes and about half of those that are unsolved.

The proper level of irreversibility of punishment has not been provided and more than 27,500 crimes have remained unsolved. The situation with solving crimes is the worst, as before, in the internal affairs departments of Novorossiysk, Anapskiy, Yeyskiy, and Armavir, where from 48.89 to 54.9 percent of the crimes have not been solved.

Krasnodar Ecology Committee Forms Party

954F1403A Krasnodar KUBANSKIYE NOVOSTI in Russian 19 Jan 95 p 1

[Report by V. Yevdokimov under the "A New Party" heading: "Politics Instead of Ecology"]

[FBIS Translated Text] A "momentous" event recently took place in Kuban: The kray committee for protection of the environment and natural resources, headed by P.A. Popovinko, at the order of its Moscow bosses from the Russian Federation Ministry of Environmental Protection and Natural Resources, founded its own ecological party. It was organized as a component part of the notorious Kedr [Constructive-Ecological Movement of Russia] party, which vied for power after the adoption of the new constitution but did not get enough votes.

This has never happened before: Bureaucrats from ecology have proclaimed their own party! If this innovation catches up at other ministries and agencies, we may expect parties of power generation workers, municipal services workers, automotive and rail industry workers, nuclear industry workers, and so on, coming into existence.

Committee employees traveled from different cities in the kray to vote unanimously: There will be a new party! Everything proceeded quickly and in an organized manner, by familiar party cliches: "To elect P.A. Popovinko the party leader," "Approve the party council's composition proposed by its new leader," "Adopt as a basis the prepared draft decision...." The new party's rules have a point that stipulates that all its members have the obligation to support the decisions of the State Expert Evaluation Commission regarding any project under construction. This means that now the society is deprived of the ability to conduct an independent expert evaluation, as it did, for instance, with respect to the Krasnodar nuclear power station. Thus, so far it is unclear what good the new party will bring to the Kuban population and tortured nature. Prior to this, over six years of activities of the environmental protection committee and its leader P.A. Popovinko, the ecological situation in the kray only continued to worsen. Today in Kuban, air and river pollution continues to rise, forests are being chopped down, and there are practically no completely healthy people left. Therefore, it is hard to believe that the new party will work for ecology instead of solidifying the power of bureaucrats.

The public ecological council of Krasnodar Kray, which convened immediately after the founding congress, resolved: In view of the fact that the public was not represented in the Kedr party, not to join the new party but instead prepare an alternative committee, consisting of volunteer ecologists. Its contacts with the party will be only on ecological matters—the committee will not engage in political battles.

Nizhniy Novgorod Poll on Economic Problems

954F1391B Nizhniy Novgorod NIZHEGORODSKAYA PRAVDA in Russian 21 Jan 95 p 2

[Article by Svetlana Beresneva, associate of the Nizhniy Novgorod branch of the Center for the Study of Interregional and Interethnic Economic Problems: "Are the Provincials Thinking Provincially?"]

[FBIS Translated Text] **In every country of the world, there exists the problem of interaction between the people and those who govern them. And throughout the world the most practiced means of providing feedback—from the people to the authority—is the study of public opinion. In our country, population surveys have also become a constant activity for certain groups of specialists—economists, sociologists, psychologists, etc.**

In December of last year, a sociological survey on the attitude of the populace towards economic reforms being carried out was conducted by the Nizhniy Novgorod branch of the Center for the Study of Interregional and Interethnic Economic Problems. The survey was conducted in a majority of regions of the country on order of the Federation of Commodity Producers of Russia.

Prior to posing questions with respect to economic problems, the sociologists inquired as to sources of information and regularity of its receipt. It became clear that those completing the questionnaires obtained their information most often from the mass media. In this regard, almost 40 percent of those polled expressed a regular interest in the economy; the same percentage, a more or less periodic interest; and 25 percent of the respondents stated that they were not at all interested in economic problems. Strange as it may seem, students at various institutes of higher education in Nizhniy Novgorod were less preoccupied with Russia's economic state than other social groups—24 percent of the students polled.

Be that as it may, each of us has his own opinion concerning the economic situation in the country. Therefore, each respondent could answer the question: "How do you assess Russia's economic condition this year (1994) as compared with last year?" The following distribution of responses was obtained: 4.5 percent of those polled found Russia's economic situation to be improved, 30 percent—unchanged, and 63 percent asserted that it had deteriorated. The latter figure conforms entirely to the reality of the situation, incidentally—we are aware of deterioration in the state of the country's economy from purely official sources: statistical data, commentary of well-known economists, and government reports.

The question naturally arises—what then should be done? What path should we take from here? Sociologists formulated the question thus: "What path do you consider preferable for Russia—one oriented on the values of a capitalist society or one oriented on the values of democratic socialism?" Some 74 percent of respondents chose the alternative of development along the path of democratic socialism. People consider necessary both the market and democratic principles in building the state authority, but they also focus attention on the right of a citizen of this state to guaranteed social protection. It is noteworthy that unanimity in this regard was displayed by entrepreneurs (35 percent of the entrepreneurs surveyed), students (45 percent of students surveyed), laborers, office workers, and enterprise leaders (70-80 percent of the individual group surveyed). This choice is confirmed indirectly by the question asking what is more important right now—to protect Russia's commodity production or create equal conditions for Russian and foreign commodity producers. Some 60 percent of those surveyed considered it more important to support Russia's commodity production.

The following question on the country's future leaders ties in logically with the preceding ones: "Whom would you like to see as future president of Russia and future head of government?" Paradoxical but not unexpected responses were received. Despite their dissatisfaction with the economic state of the country and preference for the values of democratic socialism, the majority of respondents named the current president and current head of the government as their candidates for future leaders. Sociologists explain this through the provincial habit of being attracted to those mentioned most often in the mass media. In the meantime, however, the upper echelons of authority hold a great many profound and prestigious economists and political figures. S. Glazyev, for example, head of the Committee on Economic Reform in the State Duma and new leader of the Democratic Party of Russia—replacing N. Travkin in this post—was named "Man of the Year." Some 3.4 percent of those surveyed placed Glazyev in the role of head of the government. These were mainly entrepreneurs and executives—people well acquainted with the country's economic problems. While 4 percent of respondents named Yu. Skokov in their questionnaires—president of the Federation of Russian Commodity Producers, whose opinion on economic policy is presently being received with a great deal of attention in the West. Another 3 percent of those surveyed named G. Zyuganov, leader of the Communists, as their candidate for president, while 7.1 percent and 4.2 percent of the respondents place their hopes in A. Lebed and A.

Rutskoy, respectively. Twenty-five additional candidates were proposed for leadership of the country. These are mainly opposition leaders, but they are apparently not very well known in society, insofar as each gathered less than 1 percent of the total number of survey votes.

And so we observe the following regularity: Seeing the country's future fairly clearly, respondents (these being Nizhniy Novgorod residents from all segments of society—laborers, entrepreneurs, unemployed individuals, pensioners, students, office workers, enterprise leaders) do not always have such a clear view of who is up to the job.

Economic Issues

Investment Trends Among Russian Public

954F1466A Moscow IZVESTIYA in Russian 22 Feb 95 p 9

[Article by the Research Center of the Russian Business Round Table: "Rich and Poor Alike Prefer Keeping Money in a 'Stocking'"]

[FBIS Translated Text] **About 2,500 commercial banks, 3,000 insurance companies, more than 1,000 pension funds, and over 800 investment companies are operating on the Russian financial market today. They are working primarily with legal entities (of which there are already more than 2 million). However, ordinary citizens—72 million workers and 36.4 million pensioners—are being drawn in more and more actively into the exciting process of making money.**

]According to expert assessments, the country's adult population could make a one-time investment for a sum of R25- 30 trillion on average. However, they are in no hurry to do so.

Income, Expenses, Savings

The average monthly income per family member in October of last year was R191,000 (or $62), according to self-assessments. At the same time, 8.1 percent of Russians had income of less than R50,000, and 4.7 percent over R500,000. Among the poorest were rural residents; among the wealthiest, entrepreneurs and workers in trade.

In reality, the situation is somewhat different. The reason for this is unaccounted-for income from shadow entrepreneurial activity, which the population conceals, and short-term savings for the acquisition of durable goods, apartments, dachas, garages, and vacations. Influenced by advertising, citizens are inclined to invest this temporary reserve of free funds (on average, R114,000 per month per family, according to October estimates) in exchange for dividends.

Today, 22.2 percent of Russians are capable of these kinds of savings, and their proportion is growing. Entrepreneurs, servicemen, and students have the most savings; pensioners, the humanitarian intelligentsia, and rural residents the least.

They Buy Hard Currency, Gold, Jewels

Citizens' main concern under inflation is preserving their money by any means. Hence the aimless rush to buy, the chase after illusory super-dividends, and the currency panic.

The proportion of people acquiring durable goods has dropped, although insignificantly, but the number acquiring hard currency has risen sharply (in comparison with 1993, by a factor of 2.5). Growing, too, is the number of people investing money in gold, jewels, and real estate.

This is particularly characteristic of wealthy people. Under the influence of last fall's panic in the financial market, the proportion of savings among entrepreneurs has declined strongly, but expenditures on leisure, clothing purchases, and the acquisition of durable goods, gold, jewels, and hard currency have increased. On the whole, according to self-assessments, entrepreneurs as a social group spend about $3 billion a month, of which only $61 million is savings.

Consequently, entrepreneurs, who should know better than anyone what state the economy and society are in, prefer the most liquid forms for keeping their savings, because they are uncertain about the future.

Nonetheless, the proportion of the population depositing money in banks and financial companies, acquiring shares, and using the services of pension funds is growing steadily. In other words, the population is beginning to act as a strategic investor.

According to research by experts from the Russian Business Round Table, the average adult Russian could come up with R700,000 for a one-time investment under very profitable conditions. Men, for example, could put together R1 million, and women half as much. Young people under 25 could put together R1.2 million and pensioners R160,000.

On the whole for Russia, the supply in the financial market on the part of the population is estimated at R13.4 trillion in October 1994, including R462 billion from students, R1.2 trillion from pensioners, R1.8 trillion from small and medium entrepreneurs, and R6.9 trillion from state employees.

Banks Have the Most Numerous Clientele

Before the fall of 1994, the Sberbank [Savings Bank] led in attracting funds from individuals. All the other commercial banks put together barely came close for number of clients. Sberbank's main clients are pensioners and workers; the commercial banks' are entrepreneurs, regular military, and students.

However, due to their monopoly diktat toward depositors, Sberbank seriously undermined its positions in the financial market, and those wishing to entrust to it their savings decreased by a factor of 1.6. The dissatisfied switched to commercial banks, and now holders of hard currency deposits in commercial banks are twice as many as in Sberbank.

Apart from the traditional services, the population would like additional banking services—long-term loans, trust operations, commodities transactions, salary transfer to private accounts, credit cards, and safe deposit boxes for keeping securities.

If the entire world uses long-term loans to improve their prosperity at the expense of future income, we need them because of the impossibility of ensuring simple physical reproduction out of current income.

Insurance and Supplementary Pensions Less Popular

According to data from the Russian Business Round Table, 7.1 percent of the population uses insurance services, mainly young men involved in commerce. There is a distinct connection: As income increases, the proportion of those using the services of insurance companies also increases. In October 1994, one adult spent an average of R24,000 each month for insurance. On a national scale, the population paid out R199.2 billion. Of this sum, women paid R127.8 billion and men R74.7 billion.

The population's opinion about the reliability of insurance companies is still negative. According to this indicator, insurance companies are comparable to commercial banks.

Pension funds are still in the developmental stage; 2.1 percent of the country's population uses their services. Fund clients include mostly pensioners, office workers, trade workers, and rural residents.

Lenya Golubkov's Admirers

The analysis of the activities of financial trust companies and funds evokes particular interest. The scandals involving MMM, Tibet, and Neft-Almaz-Invest cast a harsh light on the role of new market subjects—trust companies.

According to survey data, in 1994, 7 percent of Russia's adult population used their services, and among the population of major cities this figure rose as high as 25 percent.

Office workers, trade workers, students, and entrepreneurs collaborated with trust companies the most. The poorest and the richest did so the least relative to their income level. Citizens with monthly incomes of R150,000-200,000 and R200,000-500,000 yielded to Lenya Golubkov's charm. By dealing a blow to financial pyramids, the state willingly or unwillingly helped curtail the social base for market reforms.

Despite the negative impression from the scandals there have been, 14.8 percent of the population (expert assessment) would like to use the services of trust companies. Comparing this with the number of those who played the financial pyramid before, one can affirm that such companies could increase the number of their clients among the population by a factor of 1.5-2.

Paper Adds New Supplement on CIS Economic Integration

[FBIS Media Note] The 28 January issue of ROSSIYSKAYA GAZETA included an 8-page supplement entitled EKONOMICHESKIY SOYUZ [Economic Union], which the newspaper described as an "interstate publication on integration of the economies of the CIS countries and other states of the world" that would be published regularly "during the second half of the year." There was no information on periodicity or when the next supplement would appear. The supplement's first page carried a "First Letter to the Reader," which stated: "We intend to publish in our pages the most important documents determining the relations between the member countries of the Commonwealth and regulating the activity of newly created suprastate and supranational institutions."

The supplement included an article by CIS executive secretary Ivan Korotchenya in which he reminded readers that the Treaty on Economic Union, signed in September 1993, "envisages the gradual development of integration. and makes it possible to to really assess the level of individual states' interest in unification." He concluded by noting that the problems of integration facing the CIS are not simple ones and "are often made more complicated by political ambitions. .. that is why the difficulties and achievements of the CIS must be discussed openly and as frequently as possible. In this sense I welcome the initiative shown by ROSSIYSKAYA GAZETA, which has begun publishing the 'Economic Union' supplement.

The EKONOMICHESKIY SOYUZ supplement also included the texts of four documents and agreements signed by CIS member-states: "Agreement on a Customs Union" between Russia, Belarus and Kazakhstan; "Agreement on Aid to Refugees and those Needing Resettlement" signed by Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzia, Russia, Tajikistan, Turkmeniya and Uzbekistan; a Russian-Turkmen treaty on "Joint Protect ion of Turkmenistan's State Borders and Status of RF Border Troops on Turkmenistan's Territory;" and "Agreement on Creating a Payment Union of the Commonwealth of Independent States Member-States"

The supplement carried interviews with RF deputy foreign minister Yuriy Dubinin, Azeri first vice premier Abba

Abasov (on the problems associated with the Caspian Sea oil "contract of the century"), and with Kakakhstan's prime minister Alezhan Kazhegeldin and articles on reform in Uzbekistan, Belarusian view of economic union with Russia,. American investment in Ukraine, and Western interest in the CIS and its individual members. A translation of an article from FORBES on the "new Russians" occupied almost a full page.

In keeping with its intention to inform readers about "fluctuations in the CIS currecny markets,"" the supplement carried a series of articles on the courses of several national currencies: the manat (Turkmenistan), the tenge (Kazakhstan), and the leu (Moldova). There was also a table showing all the former republics' currency exchange rates vis a vis the dollar, the German mark and the ruble.

National Affairs

Prime Minister Masol Submits Resignation

LD0103134695 Moscow ITAR-TASS in English 1334 GMT 1 Mar 95

[By ITAR-TASS correspondents Victor Demidenko and Mikhail Melnik]

[FBIS Transcribed Text] Kiev March 1 TASS—Ukraine's Prime Minister Vitaliy Masol today tendered in his resignation citing pension age as the reason, President Leonid Kuchma told a cabinet meeting here.

The president also said that he Appointed Vice-Premier Yevgeniy Marchuk as acting prime minister.

Reasons Behind Resignation Viewed

LD0103155695 Moscow ITAR-TASS in English 1528 GMT 1 Mar 95

[By ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[FBIS Transcribed Text] Kiev March 1 TASS—Ukrainian Prime Minister Vitaliy Masol has asked to resign citing his age as the reason, Ukrainian President Leonid Kuchma announced today.

Vitaliy Masol had come to head the government under the Republic's previous President Leonid Kravchuk, but all the now functioning deputy premiers were appointed by the new head of state, Leonid Kuchma. According to some politicians, the president trusted them more than the prime minister.

Masol's resignation has been awaited for a long time, as the unflagging confrontation between the legislative and executive branches of power called into question economic reforms in Ukraine.

After Leonid Kravchuk's [name as received] radical address to the parliament last October on further reform of the Ukrainian economy, the Masol government failed to come up with any specific programme in line with the ideas proclaimed by the head of state. According to many economists and politicians, the government was utterly unable to take any specific states in the present situation. More than that, First Vice-Premier Viktor Pinzenik, who was in charge of economic reform, said "there were and there is no government as such".

Members of the presidential staff have long been openly critical of the head of government. Leonid Kuchma's adviser for macro-economic questions Anatoliy Halchinskiy made no bones of declaring openly that the prime minister must "resign not of his own free will but because the government, for whose activity he is responsible, has been virtually disorganised".

According to the president's aide, an absolute majority of the government officials are of the same view.

To make the matters worse, debates about Ukraine's budget for 1995 made clear that no conceptual framework for the budget existed.

The presidential team called for providing for budget deficit of between 5 and 6 percent and cut the budget spending for production needs to the minimum.

According to Anatoliy Halchinskiy, otherwise there can be no question of financial stabilisation in the country.

The president's reform policy is perfectly clear-cut: On the one hand, the manufacturers should be stimulated by lower taxes, on the other hand, budget subsidies should be reduced drastically.

The prime minister disagreed with the president fully. Masol proposed to calculate first "what the country needs and then look for resources to meet the needs".

Leonid Kuchma insisted of a reverse procedure in fear of an inflated issuance of paper money and galloping inflation. First Vice-Premier Viktor Pinzenik fully supported the president. In a situation where the prime minister and his first deputy "disagreed", one or the other was bound to step down earlier or later.

However, the question about who was to go was left open for a long time. Along with this, it has been rumoured in the government circles lately that the prime minister had already asked for resignation but the president declined to accept.

Many politicians believed that Leonid Kuchma was biding time until the parliament approved the law on power under which the president would be entitled to form the cabinet of ministers without the parliament breathing down his neck.

The speculations have failed to materialise. The president of Ukraine appears to have lost hope that the law on power would be promulgated soon. The more so since the parliament is planning to hear the cabinet's report this week. Ahead of this event, calls for the resignation of the government have proliferated behind the scenes in the Ukrainian parliament.

Administration Chief Responds to Critics

WS0103150095 Kiev UKRAYINA MOLODA in Ukrainian 24 Feb 95 p 3

[Interview with Presidential Administration Chief Dmytro Tabachnyk by Svitlana Rastorhuyeva; place and date not given: "Parliament Should Not Advise President"]

[FBIS Translated Text] [Rastorhuyeva] **Between 18 to 21 February, when your name filled the pages of Ukrainian newspapers in connection with parliamentary hearings of the "Tabachnyk case," you headed a Ukrainian delegation which visited Finland, Estonia, and Latvia. What did you gain from this trip?**

[Tabachnyk] What I personally gained from it is of a secondary nature. The main if not result than at least conclusion coming from this trip is that the situation surrounding Ukraine has dramatically changed over the last six months, and that we no longer have to explain to anyone what kind of a state Ukraine is and how it emerged. This was confirmed by interest in the press, meetings with the Estonian and Latvian presidents, which lasted an hour and a half, and the manner in which we were welcomed and received. They are interested in cooperation with Ukraine, and are ready to share their experience and render assistance. And we can learn something from them. In Latvia, for example, economic stabilization is currently being observed, and the lat [L] has not been falling for over a year now. One lat equals $2, and the average wage in Latvia is L200 [timeframe not specified]. In general, the Latvians have conducted their privatization very decisively, and private business is now thriving in this country. Politicization of society has diminished. For instance, nobody listens to live relays from the Saeima [parliament] these days. These are things for which we can envy them.

[Rastorhuyeva] **Ukrainians obviously have a different mentality—they live worse, but sometimes listen to live broadcasts from the parliamentary sessions. After your return, you were caught, as the saying goes, "off guard"—it was a big surprise that the Supreme Council recommended that the president dismiss the administration chief. How do you assess this recommendation?**

[Tabachnyk] I assess it as yet another example of disrespect for the law, since there is no country in the world, in which parliament would indulge itself in advising the president whom he should work with. Additionally, I believe that there has been no "Tabachnyk case," except for the scheme conceived by the Supreme Council. And if parliamentarians do not want to see obvious things, I should not waste my time explaining anything to them.

If a deputy, for example, disgraces himself, should one question the entire work of such an institution as parliament? No. At the same time, because a security officer from the administration was impolite to deputies, they consider it natural to question the existence of an apparatus escorting the president's activities. As for my personal reaction, I think that it is best to deal with my own matters, work, and ignore some deputies' desire to raise a tempest in a teacup. It seems that there exists a scheme behind all similar cases. Have you even wondered why Stepan Khmara [chairman of the Ukrainian Conservative Republican Party] always appears at the site of events five minutes before a scandal erupts? Why did he move from the "Ukraine" hotel to the "Moscow" hotel and appear in a nearby underground passage the next morning, a few days before a scandal erupted in 1992? The same thing can be said about Ratushnyy and many others.

[Rastorhuyeva] **Recently, one can increasingly often hear about "bad" Tabachnyk and "good" Kuchma. One can speak long about the reasons behind this opposition and who needs it, but this can hardly suit you...**

[Tabachnyk] Of course, it does not. I believe that this opposition is definitely unnatural, and I generally would not like to be compared to the president. It is absolutely obvious that the comparison "good president—bad apparatus" is artificial. It was voiced in speeches delivered in parliament by Yuriy Karmazin, Natalya Vitrenko, and many others. Apparently, they are ready to defend the president and his ideas, but they are being denied access to him. But, for God's sake, let them come with their ideas! Many people with various opinions and political convictions work with the president very successfully. The point is not that someone has spitefully manned the apparatus with one's own people—it is definitely not so. I can say that, before my appointment, I simply did not know many people who are currently working in the administration.

[Rastorhuyeva] **Four parliamentary commissions will be working on a "revision" of the administration's expenditures and staff. What is your attitude toward this verification?**

[Tabachnyk] This means that the four parliamentary commissions have either not read the Constitution, or are not going to adhere to it. Within the framework of the budget approved for maintaining the executive branch, the president has the right to reorganize and redistribute this money among any structures, which are essential for him, as the head of executive authority, to perform his constitutional duties. I have recently had an opportunity to speak with Ukrainian Ambassador to Finland Kostyantyn Masyk, who was once first deputy chairman of the Council of Ministers and first deputy prime minister. He, too, was surprised that one cannot understand that, since Ukraine became independent, the number of economic facilities subordinated to Kiev, which were previously run by Moscow, has increased by several times. And if someone thinks that it is possible to run them with the same number of staff, let him try to do that. We never conducted foreign economic and political activities, nor had we had border troops or a defense ministry before that. So, naturally, the apparatus has been expanded.

As for the parliamentary commissions, let them "study" the administration's work—this is their right. If they do not have other problems such as, for example, lawmaking, they may examine the administration's structure—there are extremely interesting materials which improve the general level of development. But it would also be useful to look at the structure of the Supreme Council apparatus.

[Rastorhuyeva] **How do you see future relations between the administration and parliamentarians (as well as your personal relations with them)?**

[Tabachnyk] I maintain outstanding relations with many members of parliament. However, I am not going to search for cooperation with those who build their political careers on scandals. It is simply regretful that similar disputes damage Ukraine's international image. In general, common Ukrainians never know what is going on. A poll was conducted in Mykolayiv Oblast, and people responded that they "turned the radio on and heard that some people were demanding that Tabachnyk be dismissed, and other—that the issue be examined first." Ukrainian women were the ones who "suffered" most from this. In connection with the relay from the session, television did not air a movie. However, I am convinced that, for a majority of Ukraine's population, certain deputies' tricks surrounding the "Tabachnyk case" were simply uninteresting, and they did not improve the parliament's authority.

Leftists Ready 'Counteroffensive' Against Economics

WS0103132995 Kiev INTELNEWS in English 2117 GMT 28 Feb 95

[Report by Olha Ansimova]

[FBIS Transcribed Text] President Leonid Kuchma will soon present in parliament his annual report along with the report of the Ukrainian Government's 1994 performance. Leftists, however, intend to use the situation in parliament as a means to obtain the resignation of cabinet members—Kuchma's supporters—and for expressing their lack of confidence in the president's social and economic programs.

This conclusion has reasonable ground. The gauntlet already had been thrown when the Communists made an attempt to force the resignation of the president's "right hand" in the reform process—Deputy Prime Minister Viktor Pynzenyk. Then in mid-February, when Pynzenyk told parliament about presidential resolution No. 733 on price increases, leftists accused the government of not having a state social program. Pynzenyk, denying this accusation, said that while the "Cabinet takes certain measures to give direct help to families with low income, we cannot introduce a comprehensive social program until the budget for 1995 is adopted."

The February resolution suggesting that the president fire Pynzenyk failed because of a lack of votes. Nevertheless, the same tactic used in the case of Pynzenyk, where the main trump card is "protection of working people," is to be applied by the left to push for the resignation of the economics minister, National Bank of Ukraine chair, finance minister, industry minister, energy minister and some other governmental figures. This fact emerges from the resolutions and documents of the Communist faction.

While the government had been preparing its report for parliament, the leftists exercised themselves in meetings and picketing.

The most well-attended of these meetings (2,000 people) was in Kharkiv, where representatives of the Civil Congress and leaders of the Socialist and Communist parties demanded the resignations of Pynzenyk, Economics Minister Roman Shpek and NBU [National Bank of Ukraine] chair Viktor Yushchenko. They accused them of working to "fulfill the orders of the International Monetary Fund and lead the country to national catastrophe." All these events happened along with public statements at official meetings of Speaker Oleksandr Moroz, who said Ukraine was able to emerge from its present economic crisis without foreign financial aid. Thus, one may conclude that the leftists, who have lost much influence in society, are trying to gain the support of the population for their course in parliament.

One more fact proving that this time the leftists have a serious intention to oppose presidential policy is as follows: Natalia Vitrenko, a Socialist faction member, said a certain group of economists, which she heads, are working on their "economic program to stop the national catastrophe." As far back as last summer, a similar document (known as the "program of Moroz") had been submitted to parliament, the main provision of which was to freeze privatization. This program, by the way, had been worked out by Vitrenko, who was not then a deputy, but bore the responsibilities of economic adviser to Speaker Moroz and the Socialist Party he leads. Vitrenko's brainchild will likely be produced as an alternative to the presidential economic reform program.

A bill on the "Emergency" situation can also be considered as a part of the new program which Moroz is going to propose. "Ukraine already faces an emergency situation, so we need only to give it legal status," the speaker said. "I consider this document first of all as a mechanism to manage the state economy in the crisis," he added—giving an ironic touch of Socialist ideology to the same "emergency" tactic Kuchma himself tried to use as prime minister.

Nevertheless, the counter-offensive of the Socialists and Communists is most likely to be set against the "eternal" question about power structures. The slow steps of economic reforms probably will be explained by Kuchma and his supporters by the absence of a strong presidential chain of command and parliament's opposition to the presidential Power Bill.

In this connection, the future of Prime Minister Vitaliy Masol, whose supporters are mostly leftists, remains bleak. On the other hand, Kuchma is trying to hold for a while the prime minister, appointed during the presidency of Leonid Kravchuk, not only to introduce through him some unpopular decisions, but also to preserve the post of prime minister as it now exists. The parliamentary Concord Committee on the Power Bill is known to propose a legislative framework in which the post of prime minister is to be excluded from the structure of the Cabinet of Ministers—responsible only to parliament. This provision is being categorically opposed by the president, who considers the prime minister as a main link of executive power.

The situation, however, is aggravated by the planned report of the parliamentary presidium. The rightists and right-centrists are going to use this chance to change the presidium and the speaker. For this purpose the Rukh, Reforms, Unity, Statehood and other parliamentary groups are working out joint tactics.

The success of President Kuchma and his supporters in parliament will depend on many things. Among these two stand out: whether the opposition will manage to put its plan on the table, and which of the reports—the government's or the presidium's—parliament will hear first. With a political situation as tenuous as that, nobody can guarantee that or even predict whether the expected squabbles in parliament will not result in the next power crisis to hit Ukraine's Government.

Arms Conversion Plant in Ichnia Installs Equipment

WS0103133395 Kiev INTELNEWS in English 2117 GMT 28 Feb 95

[Report by Valeriy Korol]

[FBIS Transcribed Text] Kiev, Feb. 27—A unique business getting underway in Chernihiv Oblast is making progress in the effort to help Ukraine disarm itself.

The United States-Ukrainian joint venture Alliant-Kyiv is installing equipment at the arms conversion plant in Ichnia, according to Natan Hleizer, Alliant-Kyiv general director, and Oleksandr Mosesian, chief engineer.

The plant, which is the world's first commercial facility for arms conversion, was opened in Ichnia on Jan. 16 with great fanfare. Among those attending its dedication was President Leonid Kuchma, Defense Minister Valeriy Shmarov and United States Ambassador William Miller.

Alliant Techsystems, the American partner in the joint venture, had earlier been a major manufacturer of armaments and other military technology.

The arms conversion is being carried out without government assistance, Mosesian said.

Of US$11 million invested by the American side, more than US$8 million was used for the equipment. The total amount of investments will be about US$22 million.

The enterprise is expected to convert 220,000 tons of ammunition out of the 320,000 tons estimated sitting idle throughout the country. Another Ukrainian firm, Spivdruzhnist, is expected to reprocess the remaining 100,000 tons.

The plant's planned capacity is estimated at 40,000 to 42,000 tons, and is expected to reach 24,000 tons by the end of the year.

Fifty-one percent of the revenues will be owned by the Ukrainian side and 49 percent will go to the American side.

Donetsk Oblast Death Rate Exceeds Births

954F1582A Donetsk AKTSENT in Russian 28 Feb 95 p 1

[Report by the Donetsk Oblast Statistics Administration: "Donetsk Will Not Live To See the Free Market. It Will Die Out on the Way to It"]

[FBIS Translated Text] Over 1994, 43,200 births were registered in Donetsk Oblast and 82,800 deaths. As a result of the number of deaths exceeding the number of births in the oblast as a whole and in practically all cities and rayons, the natural population loss amounted to 39,600 persons, as compared to 32,900 in 1993.

The death rate exceeded the birth rate by a factor of almost two. On average, 118 babies were born every day, and 227 persons died.

The main causes on death among the population are circulatory system diseases, tumors, accidents, murders, suicides, and others, which accounted for 87 percent of deaths.

The worsening of the demographic situation is due first and foremost to the decline in the birth rate. As compared to 1993, the number of deaths in 1994 increased by 3.9 percent, while the number of births declined by almost 8 percent.

The current trends in the natural movement of the population influence negatively the formation of the body of population and labor resources.

While in the preceding years the natural loss was made up for by migration gain, beginning in 1993 we have been witnessing migration outflow of inhabitants, which in 1994 exceeded 20,000 (1,500 in 1993).

Crimean President, Leaders on Local Elections

WS0103145595 Kiev INTELNEWS in English 2144 GMT 27 Feb 95

[Interview with Crimean President Yuriy Meshkov, Parliament Speaker Serhiy Tsekov, and Prime Minister Anatoliy Franchuk by Volodymyr Katsman; place and date not given]

[FBIS Transcribed Text] The local elections to be held in Crimea April 29 promise to again place the Autonomous Republic into the forefront of Ukrainian news. Although the assessments of the prospects for this event are varied, almost all political observers agree that the brand of political and economic chaos peculiar to the peninsula make these elections far from routine.

Yuriy Meshkov

[Katsman] What do you think about the political and economic situation in Crimea before the election?

[Meshkov] I do not divide our problems into purely political, on the one hand, and purely economic, on the other. They are interdependent. Moreover, they have a great influence on the situation in Ukraine. We have common problems and their influence on society is similar. The reforms process in Crimea, as well as in Ukraine, does not differ much.

[Katsman] So, you think the process set in your presidential program is behind schedule?

[Meshkov] Exactly. The opposition to reforms has become better organized and more furious, I would say. We missed much time. Many of the destructive processes within the economy have become irreversible. Today, the starting conditions in Crimea and in Ukraine are much worse than they were three years ago, or even a year ago. The unsolved problems made the situation in society extremely tense. The important economic reforms threaten to fail because certain forces in parliament and public and political forces are hoping for a final economic collapse and then, a return to power on the ruins of economy. This has become somewhat of a tradition. I repeat, these problems are common for Crimea and for Ukraine.

[Katsman] Will the elections strengthen the presidential chain of command?

[Meshkov] There are objective economic laws. There is an emergency situation. Thus, the top decisions are to be made bearing it in mind. We need to take immediate economic measures. These measures require a mobile and efficient management. And the executive power is the most efficient branch to perform this role. Without executive power, parliament will be unable to take efficient measures—much less, in the current economic disorder. We only have one way out. Personal authorities and personal responsibility strengthen the presidential branch. That is what President Kuchma is talking about. I fully support and share his ideas. We should have the presidential chain of command. But the Crimean elections will not strengthen the state structures. What we really need now is to appoint administration chairs—leaders of local structures. When the economic situation is stable, say, in one year, we can talk about elections. Economy sets a certain order of state power structures with the president at the top.

[Katsman] Is parliament a source of many political and economic difficulties in Crimea before the elections?

[Tsekov] Frankly speaking, the parliament is really facing the peak of a crisis. The disorder in parliament is negatively echoing in society, though. I would say, much instability was made by collisions between executive and legislative powers last year. Then, in October, we managed to stabilize the situation when we formed a new Crimean Government, which works efficiently.

[Katsman] Are there disagreements between parliament and the government?

[Tsekov] Well, of course, some disagreements arise between ministers and deputies. But as a rule our relations are stable.

[Katsman] Do you support the April elections?

[Tsekov] I think, there can arise only a question about terms. We should not be opposed to the elections.

[Katsman] If the elections strengthen the presidential chain of command, the legislative branch could lose its power. What do you think about this?

[Tsekov] We adopted a law on elections, but did not adopt a law on self-government. This document will give a healthy counterbalance. We should share responsibility between the branches of power. I do not believe it is a mistake that we have shifted to the model of a parliamentary republic. Frankly, I would like to see Crimea being a parliamentary republic. I understand my attitude differs from the attitude of the presidential structures of Crimea and Ukraine. Strong presidential power is not a cure-all—Georgia and Chechnya prove it.

[Katsman] Has the conflict ended between the Ukrainian and Crimean parliaments?

[Tsekov] I am absolutely sure it has ended. A group of Crimean deputies have been working for three weeks in the Ukrainian parliament. Many disagreements, which arose because of a lack of information, are now being solved. We reject any attempt to provoke a conflict between two parliaments.

[Katsman] What is the most difficult problem for the Crimean Government today?

[Franchuk] Our headache is preparations for the spring sowing campaign. We try to do our best. We cooperate closely with the Ukrainian ministries. We hope this year that we will not face such a drought as Crimea did last year.

[Katsman] What is your attitude toward relations between the branches of power in Crimea?

[Franchuk] The government prefers to steer clear of politics. We have many of our own problems. If we work more on solving concrete problems, there will be less accusations and quarrels in branches of power. My opinion towards April elections is that they are premature. Society is not ripe enough. But I am for a strong executive chain of command. Without it, all the reforms President Kuchma and we all are talking about will fail.

Crimean Supreme Council Sacks Presidium

LD0103134495 Kiev UNIAR in Ukrainian 1300 GMT 1 Mar 95

[FBIS Translated Text] Simferopol, 1 Mar—In a secret ballot at the morning plenary sitting of the Crimean Supreme Council today, 61 deputies passed a vote of no confidence in members of the Supreme Council Presidium and demanded their resignation. A parliamentary resolution dismissed ahead of time 14 presidium members, including deputy chairmen Oleksiy Melnykov and Viktor Mezhak.

The evening sitting will debate and vote on the resignation of Crimean Supreme Council Chairman Serhiy Tsekov.

Details on Dismissal Members

LD0103164095 Kiev UNIAN in Ukrainian 1340 GMT 1 Mar 95

[FBIS Translated Excerpt] Simferopol—"At the moment there is a question mark not over the president or the Supreme Council but over the existence of the Republic of Crimea," Crimean Supreme Council Chairman Yuriy Tsekov said at the morning session of parliament on 1 March during a debate on the issue of no confidence and the resignation of the Crimean Supreme Council Presidium.

Fifty-eight deputies voted in favor of a motion of no confidence in the presidium and demanded its dismissal. As a result of the vote, the authorities of Deputy Speakers Viktor Mezhak and Oleksiy Melnykov, as well as the following chairmen of standing commissions, were suspended ahead of time: Vyacheslav Bally, Mykhaylo Bakharyev, Andriy Bruns, Mykhaylo Bystrov, Anushavan Danyelya, Yuriy Zyryanov, Mykhaylo Kukushkin, Petro Morhunov, Serhiy Nikulin, Yuriy Podkopayev, Hennadiy Reshetnykov, and Fedir Snyehiryov. [passage omitted]

Crimean Journalists Complain of Restrictions

LD0103124195 Kiev Radio Ukraine World Service in Ukrainian 0600 GMT 1 Mar 95

[FBIS Translated Text] Crimean journalists are protesting. We express our resolute protest to the law-enforcement bodies and the Crimean presidential service and demand that journalists' legal rights for reliable and secure work be guaranteed—this is expressed in a statement by the Crimean Union of Free Journalists, adopted on 27 February. As the statement notes, during the filming of the consequences of the explosion in one of Simferopol's bars, several people who described themselves as the bar owner's security prevented a group of correspondents from Moscow's Independent Television from (?carrying out) its professional duties. These people obstructed and threatened a group of journalists from Crimean Television and Radio that was filming at the location. A number of employees from President Yuriy Meshkov's security service did not allow journalists from Chornomorskiy-Simferopol Television to film the president. The work of Ukraine's state television and radio company was also obstructed.

As the statement notes, all these facts prove that the professional activity of Crimean mass media employees is being restricted and the citizens' constitutional rights to receive information are being infringed upon.

Economic Issues

Kiev Said Ready for Economic Integration With Russia

LD0103185295 Moscow INTERFAX in English 1654 GMT 1 Mar 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] "Integration remains the most efficient and optimum level of Ukrainian-Russian relations as the degree of interdependence of the two countries remains extremely high," the Ukrainian president's first aide Oleksandr Razumkov told Interfax in an exclusive interview.

Razumkov took part in the recent meeting of Russian and Ukrainian politicians and public leaders in the Moscow Region.

Speaking about development of integration, Razumkov said that "re-integration as returning to a kind of relations similar to that between the ex-Soviet republics could provoke serious domestic and international aftermath for both Ukraine and Russia." He said such a move would fan tension in Ukraine "where various political groups have mutually-excluding interests."

He said the USSR's restoration was impossible at present as the ex-Soviet republics had become quite different and could not be automatically re-integrated.

Razumkov said that the USSR could be restored only by force methods. He said events in Chechnya had made sober even the ultra-radicals who had realized that forcible solution was dangerous.

Razumkov said quick integration would not correspond with anybody's interests. He said he believed that integration required much time "which will ease various political side-effects."

"We supported the thesis of the Russian president saying that integration between the ex-Soviet republics should take place at different paces," Razumkov said. He added that Ukraine had proposed to Russia that integration be carried out with different intensity on different levels. "In particular, we think that economic integration must be primarily accelerated," he said.

Razumkov said Ukraine had raised the issue of political support for creation of Russian-Ukrainian financial-industrial groups. He repeated that the Ukrainian president had already issued a corresponding decree while Russia was preparing for adopting a corresponding law. Razumkov said he believed that creation of such groups would be a first move towards establishing transnational corporations. He said joint financial-industrial groups would cement Ukrainian-Russian relations. Razumkov said he did not believe that creation of such financial-industrial groups could "suppress" Ukrainian producers by stronger Russian companies. He said the program provided not only for merging capitals but also for exchanging technology and selling production together.

Razumkov said financial-industrial groups could help to make some Ukrainian enterprises work at full capacity. He said such groups could help Ukrainian oil refineries whose capacity was loaded at only 15% at present. He said Ukrainian electric power stations now working at a half of their capacity because of the lack of raw material could also benefit from joint financial-industrial groups.

Razumkov stressed that the state power must be very attentive and control in whose interests this or that project was developed and whether it confirmed with Ukraine's interests.

He said Ukraine should realize that Russia was acting proceeding from its own interests. He said Russia had the right to demand that Ukraine pay its debt to Moscow. He said the present situation was different from than in 1985 when relations between the Soviet republics could be described "as mutual care." He said the ex-Soviet republics could now only establish interstate relations. Razumkov said both Russia and Ukraine were interested in maintaining stability as any social and economic problems automatically affected the interior situation in the both countries.

At the same time, he added that Ukraine was forming its national conscience as well as Russia. He said such national conscience was present even with "pro-Russian" political forces and people. He said this could be proved by the voting in the Crimean parliament where the majority of deputies had voted in favor of bringing Crimean legislation in line with the Ukrainian one. He added that Russia sometimes failed to realize that Ukraine had begun acquiring national conscience.

Razumkov said the main point was that Ukraine and Russia had understood that they had not only national but also very important regional interests. He regretted that the ex-USSR countries were being pushed into the outskirts of the world community.

He also regretted "the decay of intellectual and scientific-technical potential." Razumkov said the two countries could survive only if they cooperated.

He agreed that some Russian politicians were dissatisfied with the Ukrainian policy during the last six months. Razumkov said many Russian politicians must have thought that the election of Leonid Kuchma as the Ukrainian president would mark a turning point for Ukraine unifying with Russia and other CIS countries. However, he said that is such unification had taken place it would have provoked negative consequences as nobody, including Russia, would have been ready for such developments.

Razumkov stressed that Ukraine considered Russia as a strategic partner.

He said he believed that Ukraine must learn more about processes which were underway in the Russia society. He said Ukraine could also support Russian information and analytical services for Russian politicians to have a better understanding of what was happening in Ukraine.

Cypriots Leading Foreign Investors in Oblast

WS0203083495 Dnepropetrovsk DNEPROVSKAYA PANORAMA in Russian 18 Feb 95 p 1

[Report by the press service of the Dnipropetrovsk Oblast Council chairman: "There Are More Investors—Rich and Assorted"]

[FBIS Translated Text] One of the priorities in our oblast's foreign economic activities is to attract foreign investors to the private sector of our economy. As of 1 October 1994, 143 foreign investors from 34 countries around the world had invested $27.5 million in the Dnipropetrovsk region.

The most substantial are investments coming from the following countries:

Cyprus—$11 million (40 percent)

Canada—$4.2 million (15 percent)

United States—$2 million (7 percent)

Over the last few months, the capital of foreign investors capital has increased significantly. This is primarily being done by purchasing shares in Ukrainian companies and contributing commodities and equipment to their capital funds.

Compared with other regions in Ukraine, Dnipropetrovsk Oblast comes third, in terms of the total volume of foreign investments, lagging behind only Kiev and Odessa Oblasts. The increasing interest demonstrated by foreign investors toward our oblast's economy makes it possible to forecast that the total volume of foreign investments will increase to $100 million in 1995. Nevertheless, despite a certain enlivening of this process, the Dnipropetrovsk Oblast Executive Committee believes that it is necessary to work more persistently in this area.

National Bank Proposes Measures To Curb Inflation

LD0203013095 Kiev UNIAR in Ukrainian 1920 GMT 1 Mar 95

[FBIS Translated Text] Kiev, 1 Mar—"Measures taken by the National Bank to curb inflation processes and ensure stability of the karbovanets"—such was the theme of a news conference held at the National Bank of Ukraine. Viktor Yushchenko, chairman of the board of the National Bank of Ukraine, said the country's main bank had worked out and was introducing a unique set of instruments called to ensure economic transformations.

Yushchenko referred to determining the emission formula as problem number one. If the distribution of the emission money remains target-orientated, as it was, this will have a negative impact on the value of the national currency. The National Bank proposes that the emission money be distributed through discount transactions, government securities, and National Bank auctions. It is planned that the 1995 budget deficit of 17 trillion karbovantsi will be covered at the expense of the bonds of the Ministry of Finance. The first auction of the bonds issued by the Ministry of Finance will take place on 7 March. The trading will be held in the electronic mode.

Yushchenko mentioned that among other instruments are the National Bank credit resources auction and trading in agricultural produce at exchanges.

The National Bank chairman pointed to growing activity on Ukraine's currency market. Evidence of this is the volume of trading at the Ukrainian Inter-bank Currency Exchange.

Yushchenko said the government and the National Bank had managed to agree on the fundamental issues of the financial policy and formation of the 1995 budget. In particular, the volume of money supply in the first quarter was calculated. The primary emission of the National Bank of Ukraine during this period is to amount to 46 trillion karbovantsi.

Cabinet Approves Budget With 6.4% Deficit

LD0103180295 Kiev UNIAN in Ukrainian 1630 GMT 1 Mar 95

[FBIS Translated Excerpt] Kiev [no dateline as received]—A meeting of the Cabinet of Ministers on 1 March chaired by President Leonid Kuchma discussed Ukraine's draft state budget for 1995.

The draft puts combined budget revenue as calculated by the Ministries of Economy and Finance in excess of 2.15 quadrillion karbovantsi, and spending—at 2.44 quadrillion karbovantsi, with the difference between spending and revenue at approximately 290 trillion karbovantsi, or 6.4 percent of the GDP.

The cabinet approved the draft budget in principle and decided to submit it to parliament as the final draft with some amendments. [passage omitted]

Official Data on 1994 Economic Performance

WS0203084595 Kiev VYBIR in English 1500 GMT 27 Feb 95

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[FBIS Transcribed Text] In 1994, the situation in the national economy proved the worst over the past several years as the critical phenomena, which had been piling up, had suddenly presented themselves in full glaring view.

The actual national income dropped by 56 percent over the past four years, including 24.5 percent in 1994 alone, which surpassed its 1991-93 rates of decline by 1.5-fold.

Compared to the previous year, the 1994 net industrial output went down by 28 percent (against 25 percent in 1993, and 15 percent in 1992); that of construction—by 37 percent (against 20 percent and 46 percent, respectively); agriculture—by 25 percent (against 7 percent increment in 1993, and 10 percent drop in 1992).

Last year witnessed a sharp decline in overall industrial production. Compared to 1993, it dropped by 28 percent (against 8 percent in 1993, 6 percent in 1992, and 5 percent in 1991). It should be noted, however, that starting in May the industrial output tended to increase monthly (except in July). In June, September, and October the monthly increment registered 10 percent, but this positive trend proved short-lived and vanished; in November, the industrial output remained at October's level, and in December it went down by 7.3 percent.

Statistically, 1994's overall industrial performance equalled the 1975 indices (in terms of comparable prices).

1994's bad weather told heavily on agriculture, causing a decline in farming yields and sales. Compared to 1993, gross agricultural product dropped by 17 percent, including 25 percent in crop husbandry, and 7 percent in livestock breeding (in 1991-93, the respective average indices were 6.5 percent, 5 percent, and 7.9 percent).

As a result of general production depression, the unbalanced finance-and-credit system, the customers' want of ready cash, and restrictions in centralized capital investments, the situation in the investment sphere worsened noticeably. The same was true of the program of construction of federally commissioned projects—only 68 of the 293 such projects scheduled to become operational last year were completed. Construction in the social sphere was considerably reduced, and statistically, the volume of housing construction and of other social projects equaled those of 1950's.

Last year saw economic subjects in an aggravated financial condition, as every seventh industrial enterprise was found unprofitable, losing a total of 25.8 trillion karbovantsi [K] (by way of comparison, in 1993 the same lot befell every 12th enterprise). Mutual settlements between enterprises and organizations suffered and the negative balance of debit-and-credit liabilities among the Ukrainian enterprises increased over the year from K28.3 trillion to K128.1 trillion—or 4.5-fold; between the Ukrainian enterprises and those of the CIS and the Baltic states the respective figures were K6.8-K36.5 trillion—or 5.4-fold.

Reduction of the sphere of government price control, nullification or limitation of subsidies for products in separate branches of national economy, under the government's decree on changes in the pricing policy in conditions of unbalanced economy; shortage of resources, manufacturers' monopoly and wait-and-see attitude to the inflation processes led, toward the end of the year, to a sharp price jump at the consumer market. Last year's inflation index was 501.1 percent, including 271.2 percent in October-December.

The worsening situation in the national economy was accompanied by the lowering of the living standard, especially with regard to pensioners, a considerable percentage of the people employed in the budget sphere and at government-run enterprises, big families, and other categories of the population.

Implementation of Budget Programs

The overall drastic economic situation could not but tell heavily on the implementation of budget programs at all levels. Preliminary estimates show that Ukraine's 1994 consolidated budget was fulfilled, in terms of average revenues, to the tune of K520.6 trillion, or 107.9 percent of the year's indices.

The said revenues include K10.4 trillion of foreign credits and K8 trillion of grants.

A total of K130 trillion was received as VAT; K142.6 trillion as income tax from enterprises and organizations; K16.9 trillion as excise duty; K34 trillion as public income tax; K8.7 trillion as foreign trade tax; K92.2 trillion as additions to the pension fund; K24.1 trillion as payments to the Chernobyl Relief and Social Security Fund.

The critical condition of the economy inflicted heavy losses on Ukraine's budget. Preliminary estimates point to K134 trillion of added value, income tax, and excise duty arrears resulting from the diminished industrial output, construction-and-assembly performance, and cargo deliveries.

Federal and local budget (consolidated budget) deficit in 1994 amounted to K109 trillion.

Local budget liabilities to the federal budget equal K53.6 trillion (as of 1 Jan 1995). The largest arrears rest with Kharkiv Oblast (K8.4 trillion), Donetsk Oblast (K7.8 trillion), Dnipropetrovsk Oblast (K2.7 trillion), Zaporizhzhya Oblast (K1.7 trillion), also with the cities of Kiev (K3.9 trillion), and Sevastopol (K1.3 trillion).

The Autonomous Republic of the Crimea is breaching the clauses of the agreement between the Governments of Ukraine and Crimea, whereby it must bear a part of the general state expenditures. As of January 1 1995, the republic owes the federal budget a sum of K4.7 trillion.

Banking System

By December 1, 1994, the total sum of credits invested in the national economy by Ukraine's banking system, using the domestic currency (credit arrears), amounted to K253.1 trillion, including K134.8 trillion by the National Bank, K118 trillion by commercial banks, K221.5 trillion by commercial bank offices in the former Soviet republics. Besides, more than K122.5 trillion worth of credits in hard currency came from commercial banks.

Last year saw an increase in the ratio of long-term commercial bank credits. As of December 1, 1994, it constituted 11.4 percent of the total sum (compared to 5.6 percent registered by July 1, and 2.8 percent as of January 1, 1994).

Last year's average commercial bank credit interest rate dropped from 310 percent in January to 201.4 percent in November. The average commercial bank deposit interest rate went down from 224 percent to 146 percent.

By December 1, 1994, the National Bank had allocated K10.8 trillion worth of credits (under credit arrears) for the refinancing of commercial banks. The balance on the NBU correspondent accounts at the central banks of former Soviet republics rose 19-fold over the 11 months of last year, totaling K25.5 trillion as of December 1 1994. The balance on the correspondent accounts of central banks of former USSR republics at the National Bank of Ukraine went up 16- fold, bringing the total to K25.8 trillion (Dec 1, 1994). The balances of Ukrainian commercial banks on the correspondent accounts at the banks of former Soviet republics went up 9-fold and, by December 1, 1994, amounted to K11.8 trillion. Those of the banks of former Soviet republics at the commercial banks of Ukraine increased 8-fold, totaling K8.4 trillion early in December 1994.

Financial Status of Enterprises and Organizations

Credit arrears between Ukraine's enterprises and organizations on the one hand, and subjects of business activities in former Soviet republic on the other hand, went up 4.3-fold over the 11 months of 1994, and by December 1 had reached K53 trillion; debit arrears rose by three times, totaling K16.5 trillion.

Credit liabilities of Ukrainian enterprises to trade partners in Russia increased 4.8-fold (from K10.1 trillion as of January 1 to K48.9 trillion by December 1, 1994). Those to Turkmenistan dropped by 8.4 percent (from K1.2 trillion to K1.1 trillion).

The total sum of credit arrears between enterprises and organizations in Ukraine went up 4.3-fold over the 11 months of last year and by early December were registered at K552.4 trillion. That of debits, respectively, 4.3-fold, totaling K424.3 trillion.

The total sum of credit defaults under mutual settlements and bank loans resting with enterprises and organizations increased 9.3- fold in January-November, reaching K117.5 trillion by December 1. Of this sum, K103.7 trillion (88 percent) accounted for liabilities under mutual settlements between enterprises and organizations; K13.8 trillion (12 percent) for bank loan overdrafts.

Inflationary Processes

1994 wholesale prices for industrial products indicate a 6.6-fold increment (3.1-fold in December, compared to September), including 11.3-fold in the fuel industry (respectively, 4.2-fold), specifically 38.1-fold in the coal industry (respectively, 4.5- fold), 9.7-fold in power engineering (4.6), 13.8-fold in ferrous metallurgy (3.6), tenfold in chemical industry (3.6), 8.4-fold in petrochemical industry (3.5), 6.4-fold in construction materials (2.8), 6.7-fold in machine building (2.8), sevenfold in light industry (2.7), 6.1-fold in public catering (3.2), 3.7-fold in meat (3.1) and 5.2-fold in dairy industry (4.6).

Average farming purchase prices (without reimbursements for producers' inflation losses under federal contracts in 1994) went up 6-fold, compared to last year's, including 6-fold for cereal crops, 4.8-fold for oil-yielding crops, 6.9-fold for sugar beet, 17.3-fold for potatoes, 5.1-fold for livestock and poultry, 4.7-fold for dairy products, and 8.5-fold for eggs. Compared to September, December's costs increased 2.5-fold, including 2.5-fold for cereal crops, 2.7 for livestock and poultry, 3.6 for eggs, and fourfold for dairy products.

Construction and assembly prices were 6.4-fold up in the fourth quarter of 1994, compared to the same period in 1993, and 1.6-fold against the third quarter of 1994.

1994 freight train delivery costs went up 4.6-fold (30 percent in December compared to September) and trucking costs increased 4-fold (40 percent, respectively). Urban and rural public transport fares were 10-fold up (2.7-fold in December, compared to September).

Situation in Individual Sectors of Economy

In 1994, the output of industrial products registered a decline, compared to 1993, in almost every branch and region, involving over three quarters of the industrial enterprises, particularly those of light industry (-47 percent), woodworking (-40 percent), construction materials (-36 percent), and ferrous metallurgy (-29 percent).

Last year, the fuel-energy complex enterprises extracted 94.4 million tonnes of coal, which was 21.3 [?million] tonnes more than last year (+18.4 percent); 4.2 million tonnes of oil, including gas condensate (respectively, -50,300 tonnes; -1.2 percent); 18.3 billion cubic meters of natural gas (-0.9 billion cubic meters; -4.7 percent).

Annual coal extraction quotas in the coal industry were fulfilled by 74.2 percent, which means that 32.8 million tonnes of coal remained down the pits. Of the 23 production amalgamations only one, VO Rovenkyantratsyt, fulfilled its quota, and of the 12 mines being on independent balance only four coped with their quotas in full.

As of January 1, 1995, consumers owe the coal suppliers K11.7 trillion, including K5.1 trillion due Minprom (Ministry of Industry) and K3.6 trillion due Minenerho (Min. Energ.). Because of this, people employed in the industrial sector are still to be paid more than K10 trillion net of wages and pensions. The coal industry needs some K40 trillion to meet the floating asset quotas.

The critical situation in gas and oil products supplies to the national economy was the result of the inability to pay the exporting countries. Toward the end of 1994, Ukraine's liabilities under gas supply contracts with Russia and Turkmenistan reached $1.7 billion, while those of the Ukrhazprom consumers amounted to $467.1 million, or 3.6-fold less. This is explained by the constant indebtedness of consumers, the rate-of-exchange difference between the U.S. dollar and the karbovanets, and delays in implementing new energy carrier prices, depending on this rate of exchange (including the Russian ruble). A situation developed in which the selling price of gas was several-fold lower than the purchase price. In other words, Ukraine's gas industry subsidizing other branches of the national economy.

A total of 17.6 million tonnes of oil were processed last year, of which 3 million tonnes of petrol, 4.6 million tonnes of diesel fuel and 7.4 million tonnes of fuel oil were made. Compared to 1993, the oil processing output fell by 15.9 percent, that of petrol by 8.4 percent, diesel fuel by 13.4 percent and fuel oil by 19.8 percent.

Some 200.8 billion kwh were generated in 1994, including 69 bln [billion] kwh by the nuclear power plants, which was, respectively, 11.7 percent and 8.5 percent less than in 1993; 120 bln kwh were supplied by the steam electric stations (-15 percent); 12.3 bln kwh by the hydroelectric stations (-9.7 percent). Some 98.7 percent of the electricity supply quotas were fulfilled, of which the steam stations' share was 60 percent, that of the nuclear plants, 34 percent, and the hydroelectric stations, 6 percent.

In 1994, the metallurgical complex enterprises, for want of raw materials and energy resources, and due to the morbid financial situation and loss of consumer markets, showed a very poor performance. Compared to 1993, the output of all the 37 most important types of products—that is, iron and manganese ores, cast iron, steel, rolled steel, steel pipes and coke—dropped, respectively, by 21.7 percent, 22.1 percent, 25.6 percent, 26.1 percent, 48.2 percent, and 16.9 percent. At the same time, the structure of the metal products proved of somewhat better quality. Smelting of progressive steel grades rose from 48 percent in 1993 to 50 percent in 1994; the share of continuous billet casting machines increased, respectively, from 6.7 percent to 8.1 percent, and so did the average ratio of ready rolled sheets.

Limited natural gas and electricity supplies at the end of last year resulted in a sharp decline in the output of many types of chemical and petrochemical products, primarily in terms of mineral fertilizers, ammonia, and caustic soda. This, in turn, nullified all positive trends in production output in July-October 1994 and told on the year's end results of this industry, as its overall performance dropped by 26.4 percent compared to the 1993 indices.

In 1994, machine building output went down by 43 percent. The industry's enterprises had to operate in extremely difficult conditions, constantly lacking floating assets, having to use worn- out equipment, being unable to afford to modernize it, while having to spend increasing sums on energy carriers, on the maintenance of the communal facilities, and housing projects.

Preliminary figures show that the gross agricultural product dropped by 17 percent in 1994 (in 1993 it rose by 1.5 percent), including -25 percent in crop breeding (respectively, +11.9 percent), -7 percent in animal husbandry (+7.8 percent).

A total of 35.5 million tonnes of grain were harvested by all categories of farming enterprises, which was 25.1 percent less than in 1993; sugar beet yielded 27.6 million tonnes (-18.1 percent, respectively); potato, 16.1 million tonnes (-23.6 percent); vegetables, 5 million tonnes (-17,6 percent); fruit and berries, 1.2 million tonnes (-57.4 percent); sunflower seeds, 1.6 million tonnes (-25 percent).

The decline in crop breeding resulted from a severe draught killing grain cultures or reducing them to fodder on an area of over 1.4 million hectares [h]; the same was true of sugar beet (close on 25,000 h), sunflower (66,000 h), (8,600 h), vegetables (15,000 h), and from generally lower crop yields.

A total of 7.8 million hectares—or 88 percent of the prognosticated soils—were planted with winter grain and green fodder cultures. Some 12.6 million hectares were fall-ploughed (90 percent of the prognosticated area). However, because of dry weather in the south of Ukraine and an acute shortage of water resources for irrigation, winter crops are expected to be resowed on an area of 1.4 million hectares.

On account of the current year's crop yields more than 2 million tonnes of grain and grain-vetch cultures were supplied by enterprises of the public sector, jointly with the insurance fund, which stands for 107 percent of the quotas.

The overall economic crisis, soaring prices, customers' want of ready cash, state budget deficit caused the critical condition of the investments sphere.

Some K199.3 trillion worth of capital investments were spent in 1994; construction and assembly work worth K145.5 trillion were completed, which was, respectively 25 percent and 38 percent less than in 1993. Some 48 percent of overall capital investments were allocated for the construction of projects in the non-production sphere; 2 percent went to manufacturing consumer goods, and a very insignificant percentage (0.1 percent) were spent on the conversion of defense industries.

In 1994, all means of public transport carried a total of 932 million tonnes of cargo, which was 26 percent less than in 1993.

Total freight train deliveries dropped by 24 percent against the previous year's indices (in 1993, the regress amounted to -29 percent); those by motor conveyances went down 43 percent (-40 percent, respectively); by river, -22 percent (-38 percent); by sea, -13 percent (-15 percent).

In 1994, the public transport pool was 11,800 thousand trucks and 4,800 buses short, as compared to 1993 (or -14.4 percent and -9.7 percent, respectively). Over the same period only 150 buses were purchased (less than 0.5 percent of the bus pool available). By way of comparison, 4,900 buses were purchased in 1990 (or +9 percent). As a result, compared to that year, the number of bus runs on regular routes in the urban areas had dropped almost twofold (and threefold in the countryside).

Consumer Goods and Communal [Municipal] Services Market

Compared to 1993, the output of consumer goods decreased by 26.7 percent in 1994, including -40.4 percent in the manufacture of commodities other than foodstuffs.

This deceleration trend has since gained momentum. Preliminary estimates show that a total of K435 trillion worth of such goods was made available last year—K1558 trillion less than in 1993 (in 1991-92, this output was correspondingly 9.4 percent and 15.9 percent lower than in previous years).

In 1994, medical and microbiological enterprises manufactured products worth K6.7 trillion—8.7 percent less than in 1993. It should be noted that the steps taken by the government to this end resulted in an 18-percent increase in the output of medications in the second half of the year, compared to the same period in 1993.

The manufacture of foodstuffs went down by 18.3 percent (-10.5 percent in 1993), including a 19.3 percent drop in the output of meat and meat products, 25.7 percent in fresh dairy products, 39 percent in margarine products, 26.7 percent in macaroni, 24.7 percent in vegetable oil, 16.8 percent in cooking salt, 13.2 percent in flour, 16.6 percent in groats, 36.7 percent in pastries.

The 1994 retail trade turnover registered K321.1 trillion—or 94.5 percent of the previous year's indices (65 percent in 1993).

Communal services worth K55.4 trillion were rendered to the population, which was 3.5 percent less than in 1993. The assortment of communal services dropped by 38.11 percent.

Living Standards

In December 1994, compared to December 1993, the population's monetary incomes rose 4.8-fold, reaching K94.3 trillion.

Such per capita incomes totaled K1,812,000, as compared to K905,000 in September 1994, and K390,000 in December 1993.

In December, the workers'and office employees' salaries averaged K3,312,000—or 2.7-fold the September indices (a 4.2-fold increment, compared to December 1993).

In 1994, the costs of consumer goods and communal services rose fivefold (2.7-fold in December, compared to September, or by 28.4 percent compared to November) against the 103-fold increase in 1993, including a 4.7-fold rise in the costs of foodstuffs and nonfoods, and a 8.8-fold increment in the costs of services.

In December, compared to September, the costs of foodstuffs averaged a 3.1-fold rise (or +25.9 percent against November). It was especially true of dairy products (respectively, 4.4-fold; +46 percent), butter and fat (4.1-fold; +38 percent) and groats (3.7-fold; +38 percent).

In December, compared to September, the costs of nonfoods rose 2.3-fold (+34 percent against November). Prices of clothes showed a steady increment (respectively, 2.3-fold and +39 percent); consumer goods, 2.3-fold, +37 percent; detergents, 3-fold, +37 percent; medications, twofold, +35 percent.

The costs of communal services rose 2.8-fold over the same period (or +22 percent, compared to November). The biggest increment was registered in the costs of entry fees to communal centers, theaters, movies, and the like (2.1-fold, +37 percent); resort accommodations, 2.5-fold, +34 percent; sewing and mending of clothes, 2.6-fold, +30 percent.

The level of consumption of meat and meat products, including second category subproducts and raw fat was 94 percent of the physiological surviving minimum; milk, 72 percent; fish, only one- fifth; fruit, berries and grapes, less than 50 percent; eggs, 74 percent.

Job Market

By the beginning of 1995 the number of the officially registered unemployed was 113,200. At the same time, enterprises had 136.600 vacancies (the per vacancy coefficient being 0.83).

Over the year, a total of 445,800 persons turned to employment agencies, of whom 132,100 were officially registered as unemployed, which was, respectively more by 29,400 and 21,800 than in 1993.

Of the total number of those registered, 202,300 received jobs, of whom 43,500 were officially unemployed.

By the end of 1994, the total number of registered unemployed was 82,200—against 83,900 at the beginning of the year.

Some K145.5 billion were taken off the State Employment Fund as welfare payments last year.

Such payments averaged K629,100 last year, or 19 percent of the average pay of an employee engaged in the national economy (in January 1994, the respective figures were K127,500, or 16.7 percent).

Employment statistics, however, do not reflect the actual picture, just as they do not correspond to the actual production output decline. This is explained by the fact that a lot of enterprises and organizations still practice keeping people "semiemployed" (that is paying them part-time or less, often without their having to report for work).

Subsidies Support Colonial Economy

954K0485A Lvov POST-POSTUP in Ukrainian No 4, 3-9 Feb 95 p 5

[Article by Semen Denysov, Hroshi Donbasu Agency: "The Miners' Syndrome"]

[FBIS Translated Text] **On the eve of Leonid Kuchma's visit to the Donbass region, during which it is expected that the fate of the national coal industry will be decided, there has been a sharp upsurge in discussions regarding whether or not this branch will survive without subsidies. Valentyn Illyushenko, the general director of the Donetskvuhillya [Donetsk Coal] Production Association, voiced his unoriginal opinion in PRAVDA UKRAYINY: "the production of one of the few stable exportable goods that brings Ukraine hard currency—metal—must be subsidized."**

Using the competitive price of Ukrainian metal on the external market (close to $220) as a benchmark, the value of coal ought not to exceed $29. Therefore, thinks Mr. Illyushenko, the state must make up the difference to coal producers between their price and the indicated price paid by the metallurgy industry workers. According to the logic of the "subsidy ideologues," the state should support the branch so that in return for its trillions in subsidies it might receive a mediocre amount of hard currency and also forestall unemployment.

Fearing a sudden destabilization of the situation in the country, the power wielders are using this to stimulate an already perceptible switch to a colonial economy, which is dangerous because its regulation is effected outside the country (as defined by the Russian weekly KOMMERSANT, the dependence of a colonial economy consists of the following: It relies on a foreign market, which, on the one hand, dictates the scale of growth and, on the other hand, shapes production factors, that is, the size of subsidies). Taking into account the fact that during the whole of last year, Ukrainian metal producers "dumped" their goods for the most part on the Russian and Chinese markets, the desire of our coal lobby to have a colonial economy that serves the needs of markets that may be more developed than ours but are nevertheless still colonial themselves is totally incomprehensible.

A colonial economy is essentially based on the production of raw materials. This is obviously the reason why the coal lobby makes common cause with the agrarians in their dissatisfaction with the acting law on the cumulative price effect under which earnings at the end of the economic chain are conditioned upon the losses at the beginning of this chain. However, they do not propose to their partners in this chain, especially the metallurgical workers, that they reign in their appetites and not include a profit of over 150 percent in the price of their products. Should this happen, the metallurgists might maintain a price that is lower than the world price and buy coal at its real value. According to data supplied by the Donetsk Oblast Statistical Administration, the level of profitability included in the price by the oblast's enterprises amounts to 193 percent (and virtually all of them belong to the basic branches of industry). And all this is done, if we are to believe the directors, out of a desire to insure themselves in an era of global nonpayments.

The agrarians and coal industry workers are united in their dislike of our country's credit and monetary system, which attracts capital transfers [kudy tyahne perelyv kapitalu], in Mr. Illyushenko's opinion. To support his claim, he quotes Deputy Prime Minister Petro Sabluk regarding the fact that the banking sphere earns up to 300 percent in profits, while agriculture gets only hay. It is strange that he chose to quote Mr. Sabluk. The thesis concerning the transfer of capital and excess profit is much more convincingly illustrated by the performance of the Donvuhlekombank created by Donetskvuhillya, which, according to the results of the first half of 1994, paid its shareholders dividends based on an annual rate of 320 percent. Perhaps the problem of the high price of coal does not lie in the poor performance of the coal combines or the great depth at which coal is mined, but rather in the whole nest of commercial structures on the body of Donetskvuhillya, as well as other coal associations, and in their methodical theft of state property in the absence of real privatization (even though this is a separate subject). Perhaps what needs to be changed first is not the mechanism of price formation, but the people who do not want to change anything.

There are many other shared traits that unite the coal and agricultural "generals," because even though the prices of the goods produced by these branches are mostly regulated by the state, it is they who, by joining together to demand money from all representatives of the government and by receiving it, cause inflation to continue spiralling. Thereby helping our exporters who are interested in the inflationary character of the economy and the high exchange rate of the dollar. To put it roughly, they are creating a destabilizing Ukrainian horizontal that is continually shaking the economy: agriculture (mostly in the western part of the country) and the coal industry (mostly in the east).

Privatization Center Offers Stock of 25 Firms

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[From the "News Service" feature]

[FBIS Transcribed Text] On March 1, the Center for Privatization Auctions began its work in Donetsk. The center offers stocks of 25 Donetsk Oblast state enterprises, including Yenakiyevo metallurgical plant, Artemivsk experimental machine building plant, three mine building and assembling enterprises, the Mariupolhaz company, the Krasnoarmiysk tunnel building company, the Ambrosiyivka cement plant, and the Pivdenelektromerezhbud [southern electric network construction] company. The reception of applications will last by March 31.

Belarus

German Foreign Ministry Concern Over CFE Stance

WS0103131495 Minsk Radio Minsk Network in Belarusian 1100 GMT 1 Mar 95

[FBIS Translated Text] A statement by Belarusian President Alyaksandr Lukashenka in favor of suspending the commitments regarding the Conventional Armed Forces in Europe Treaty [CFE] raised concerns at the German Foreign Ministry; this was said in a statement [words indistinct] made by German Foreign Minister Klaus Kinkel. The treaty is the broadest and most comprehensible agreement in the history of disarmament and control over armaments, the minister stressed. Germany will continue to assist Belarus in destroying conventional weapons. The CFE Treaty cannot be put in question by unilateral steps, the German foreign minister stated. In Europe, no nation can any longer resolve security-related issues on its own. This is why I am calling upon the Belarusian leadership to consider well its further activities. This concluded the statement by German Foreign Minister Klaus Kinkel.

Chygir Temporarily Halts Destruction of Arms

LD0103151995 Moscow INTERFAX in English 1358 GMT 1 Mar 95

[FBIS Transcribed Text] MINSK, Mar 1 (Interfax-West)— The suspension in implementation of the treaty on reduction of conventional arms in Europe is a temporary nature, Belarus' Prime Minister Mikhail Chygir reported to Interfax Wednesday [1 March].

In his words, funds saved in this way will be forwarded for the spring sowing campaign. Chygir reassured that after the end of the heating season in the republic, requiring large currency outlays, and the sowing campaign, the republic's leadership would return to consideration of the issue of its obligations on the international treaty.

Addressing servicemen of one of the military units in mid-February, Belarusian President Alyaksandr Lukashenka declared that as commander-in-chief of the country's armed forces he ordered that the destruction of military equipment be halted due to the lack of monetary resources and violation in the balance of political forces in Europe. He linked the last factor with the wish of several states of the Eastern Europe to become members of NATO.

At the press conference held on Tuesday evening in Minsk Chygir pointed out that the assets saved by suspension of military equipment destruction is partially to be thanked for the Belarusian government's move to double the minimum wage from March 1, from 30,000 to 60,000 Belarusian rubles (one dollar = 11.600 Belarusian rubles). Chygir also reported that he had signed a resolution to set public-sector salaries of the first tax category, at 100,000 Belarusian rubles (about $9).

"It was extremely difficult for the government to adopt such a resolution. However, the Cabinet of Ministers hopes that it will be able to keep the inflation rate within the margins coordinated with the International Monetary Fund," Chygir said.

Chygir said that about 600 billion rubles (about $52 million) from the budget are needed to increase the minimum wage. Chygir reassured that in this case the share of the National Bank's emissions would not be great.

Chernobyl Aftermath, Absence of Law Viewed

WS0103140095 Minsk NARODNAYA GAZETA in Russian 24 Feb 95 p 2

[Article by Ivan Smolyar, chairman of the Supreme Soviet Commission for the Problems of the Chernobyl Catastrophe: "Belarus and the World Community After the Chernobyl Catastrophe"]

[FBIS Translated Excerpt] [passage omitted] Compared with the period prior to the accident at the Chernobyl nuclear power plant [AES], a dramatic increase in the instances of circulatory system diseases and malignant tumors has been seen. Thyroid cancer among children has increased 50-fold, in adults—1.8-fold. The number of congenital diseases in infants has increased two-fold and that of cerebrovascular diseases—three-fold. The decrease in the quality of living of hundreds of thousands of Belarusian residents, the whipping up of suspicion, the manipulation of data, as well as the absence of the realistic analysis of the reasons, essence, and aftermath of the catastrophe devastate the people's soul. The increase in population in Belarus has been halted. The large-scale impact of radiation on people, animals, and the environment has destroyed the harmonious relations between man and the environment. The problem of the nation's survival has become realistic. [passage omitted]

Before 1992, the requirements to resolve this catastrophe were financed from the budget of the USSR and this was fair. However, after the breakup of the USSR, due to the absence of the international legislation norms regulating responsibility for inflicting [nuclear] damage on someone else, the Republic was left to deal with the disaster on its own. Belarus spent 12.6 percent of its state budget on subsidies for relevant scientific research, the resettlement and recovery of the people, compensation to Chernobyl victims, agrotechnical and medical measures in 1992, in 1993—11.4 percent, and in 1994—only 7.4 percent. Russia granted us 6.5 billion rubles [R] in financial aid in 1992. That aid amounted to 2.1 percent of the Belarusian budget. Russian aid in 1993 totalled R4.5 billion, or 0.1 percent of the Belarusian budget. However, the measures undertaken—to the value of that financial aid—have not only failed to reduce the negative factors but also failed to keep them stable at the level of recent years.

The states that proclaimed themselves the successors to the former USSR and which are responsible for the Chernobyl catastrophe, do not pay compensation to Belarus for the inflicted damage despite the agreements signed within the CIS framework (the agreement from 26 May 1993).

On 20 September 1991, participants in the 45th session of the UN General Assembly adopted urgent measures—to the tune of $646 million—to alleviate the aftermath of the Chernobyl accident. Regrettably, this organization has managed to raise funds—amounting to $10 million—that are sufficient for the implementation of only several specific programs. [passage omitted]

It would seem that eight years later, politicians and researchers could find appropriate measures for protecting the international community from the recurrence of similar or other potential accidents. I think that the UN and other relevant international institutes have failed to undertake proper measures for protecting man's right to live in a normal environment, the right that is stipulated by the Declaration of Human Rights. There is no political and juridical international legislation to protect such a right. The existent international regulations and norms pertaining to compensation for nuclear damage are good-for-nothing and completely illogical, because they do not create a legal basis for any victim-state, including Belarus, enabling it to seek compensation for the inflicted moral, physical, and material damage. Two trends in activities related to this problem are clearly defined today.

The first trend is represented by the people carrying out specific obligations before nuclear departments, who state that nothing terrible happened after the Chernobyl accident, that Belarus fuels the situation, that—to assess nuclear accidents—it is necessary to use the criteria that have been developed over past years.

Despite the increase in negative consequences, the group of researchers and politicians of this trend, who would not like to part with their scientific philosophy, or who depend on financial support from nuclear departments, state today that they need additional evidence to prove the connection between the increase in relevant diseases and the effects of radiation. In other words, they foist experiments on 2 million Belarusians. They want to see what happens to the people who live in contaminated areas. Only after that will they take measures. [passage omitted]

Apparently, by dividing the contaminated territory into three areas—the clean one with background radiation of up to 1 mZv [expansion unknown] and two contaminated areas with background radiation levels ranging from 1 to 5 mZv and over 5 mZv—the authors of the new "Concept of Protective Measures for People During Their Recovery Period Who Live on Belarusian Territory Affected by Radioactive Contamination" (Professor Ye.P. Petryayev from the Belarusian State University; Professor V.I. Ternov, chairman of the National Commission for Radiation Protection; Professor I.V. Rolevich, deputy chairman of the State Committee for Chernobyl Issues; A.M. Lyutsko, principal of the Sakharov International Institute of Radiological Environment; and others) virtually remove legal protection from some 1 million people and strike a balance in granting compensation to the people, who receive doses of 5 mZv of radiation annually, and the people, who receive radiation doses of 1 mZv over the same period. Instead of establishing the limit for the average effective radiation at 1 mZv annually and the control level at 0.3 mZv annually—proceeding from the recommendations of the International Commission for Radiological Protection—they declare areas with background radiation levels of up to 1 mZv as clean. They have completely forgotten the fact that the people suffer from the consequences of being exposed to radiation from the radioactive iodine during the first days after the accident. They have also forgotten about the deterioration of people's health—compared with that before the accident—in areas contaminated by radiation. It is not clear what scientific conclusions the authors of the new report apply when they come up with a proposal to reduce the demands on conditions of people's accommodation and economic management in areas where the annual radiation levels exceed 5 mZv.

In addition, by introducing the concept of the "recovery period" ahead of time, they are subjectively interpreting the commission's recommendations. According to the commission's report, "the aim of this period is to abolish protective measures that were introduced at the initial and intermediate stages.... The reason for canceling protective measures would be an adequate decrease in the radioactive decay through natural purification and scheduled decontamination measures." Everyone knows that due to natural radioactive decay, cesium-137 has reduced its activity in contaminated areas by only 18 percent, while the decontamination measures that have been performed, according to estimates by the absolute majority of experts, have not led to the expected results. [passage omitted]

The second trend is represented by the people who, despite certain pressure from the powers-that-be, work hard to establish the true size of this tragedy and who act from the position of postulating the protect-against premises when they draft decisions to alleviate the consequences of the accident. These people work laboriously, in difficult circumstances, to study the factual side of the matter and help the people.

The Republic studies the impact of radiation on the people and the environment, but the results of this work—due to limited financial resources and difficulties in publishing the results abroad—do not reach the wide world community and eventually they do not trigger appropriate activities—adequate to the tragedy—related to nuclear safety on the part of many states and politicians.

It is difficult to explain the activities of Ukraine's authorities—who ignore appeals from the Belarusian legislature and the international community to close down the emergency Chernobyl AES—by nothing other than the absence of an international law on responsibility for inflicting nuclear damage. [passage omitted]

Moldova

Snegur Hopes for U.S. Mediation in 14th Army Withdrawal

LD0103171795 Moscow ITAR-TASS in English 1639 GMT 1 Mar 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Transcribed Text] Chisinau March 1 TASS—Moldavian President Mircea Snegur on Wednesday [1 March] said he hoped for U.S. assistance in settling the issue of the withdrawal of the 14th Russian Army from the republic.

"In addition to economic assistance, the United States has undertaken to provide the republic with political support on the international arena", the president noted. "It is not difficult to guess that in this respect we are mostly concerned with the withdrawal of the 14th Russian Army from Moldavian territory", Snegur told the newspaper NEZAVISIMAYA MOLDAVIA, commenting on the results of his visit to the United States last month.

According to the president, "the U.S. Administration's cordial attitude towards Moldova is based on serious grounds, which President Clinton summarized as follows: Moldova is outpacing the other former Soviet republics in creating a democratic society, in respecting human rights and the rights of ethnic minorities, in carrying out reforms and privatization. We were also praised for our ability of overcoming internal conflicts at the negotiating table, which we did when solving the Gagauz issue", Snegur noted.

"We have received a considerable financial support for our reforms from the United States, and we hope it will help us receive assistance from the International Monetary Fund and the World Bank, since the U.S. influence upon these structures is quite substantial", the Moldavian leader emphasised.

Snegur Wants Neighbors Involved in Uniting Republic

LD0103202595 Moscow INTERFAX in English 1843 GMT 1 Mar 95

[FBIS Transcribed Text] Chisinau, Mar 1 (Interfax)—Moldovan President Mircea Snegur said that the country's leaders would do their best to involve neighbors and mediators, above all Russia and Ukraine, in creating a united republic in Moldova. He told the NEZAVISIMAYA MOLDOVA newspaper that time was on the side of a united Moldova which was supported by great powers.

Snegur said that changing the government team "at this historical crossing" would be undesirable and even harmful. He did not, however, rule out the replacement of some minister.

Snegur believes that the situation in Moldova was described as a crisis but words such as abyss, collapse or agony were inappropriate. Rather, he felt, they are inventions of literary-minded journalists or reflected the wicked thinking of the opposition.

Snegur said that low living standards and non-payment of wages and pensions were his biggest headaches. In his words, these troubles are linked with the decline in production and will be dealt with by the government shortly.

Snegur expressed the hope that the Transdniestrian problem could be resolved in 1995 even though "one could not describe contacts with Transdniestrian leaders as easy."

Snegur said that the support Moldova received from the world community was "one of the most positive factors." His recent visit to the U.S. was one case of that support. Snegur said that the West, including Romania, accounted for 34% of the country's foreign trade and the CIS member states, for the rest, compared to the earlier 8% and 92%, respectively.

'Piece of Land' Needed From Ukraine for Oil Terminal

AU0203092495 Kiev HOLOS UKRAYINY in Ukrainian 28 Feb 95 p 1

[Unattributed report: "It Is Just a Matter of a Few Meters...."]

[FBIS Translated Text] Moldova intends to build an oil terminal on the banks of the Danube. However, for this it needs the Ukrainian Government's consent to allocate a piece of land on Ukrainian territory, stated Moldovan Foreign Minister Mihai Popov at a news conference in Chisinau. "It is literally a matter of just a few meters," he emphasized.

The Moldovan minister also said that during the current week a Moldovan part of the working commission will be created. It will deal with delimitation and demarcation of the state border between Ukraine and Moldova.

According to him, the commission will discuss, in particular, a draft agreement on cooperation between Ukrainian and Moldovan border-zone regions.

Kazakhstan

President Decrees Assembly To Promote Interethnic Accord

LD0203103895 Almaty Kazakh Radio Network in Russian 1500 GMT 1 Mar 95

[FBIS Translated Text] With the aim of strengthening social stability and interethnic accord in Kazakhstan, and in line with Article 78 of the Constitution, the Kazakh president has decreed that an Assembly of the Peoples of Kazakhstan be set up as a consultative advisory body under the president of Kazakhstan.

Nazarbayev on Eurasian Union, CIS Future

954F1566A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 25 Feb 95 p 1

[KAZTAG abridged account of Nursultan Nazarbayev interview granted an INTERFAX correspondent: "Our Policy Is To Deepen Mutual Understanding and Completely Exclude Manifestations of Mistrust Between Kazakhstan and Russia"]

[FBIS Translated Text] To INTERFAX's question of how the president of Kazakhstan conceives of the evolution of the CIS by the year 2000 and its further prospects, the leader of our republic replied that he continues to consider highly promising the plan for the formation in the space of the former USSR of a Eurasian Union. It is necessary first and foremost to take as the starting point here the Economic Union, whose formation is envisaged by the agreement on the Interstate Economic Committee. The first stage of realization of the document is the birth of the customs union between Russia, Belarus, and Kazakhstan. If we form a real customs union of the three countries, sweep away the barriers, and collect no duty on the shipment of freight across each other's territory, that is, have a normal market space, everyone will see that this is profitable and that it is this that is the path to be taken. True, I have no great expectations of 1995, N. Nazarbayev said. Everyone is at this time seeking his own advantage on a bilateral basis.

Evidence of this search, the correspondent observed, is also, evidently, the autonomous alliance of three Central Asian countries—Uzbekistan, Kyrgyzstan, and Kazakhstan.

I would like, N. Nazarbayev emphasized in this connection, to see an end to the speculation on the union of the countries of Central Asia independent of the CIS. This is a purely economic formation. Its charter proclaims the intention to develop regional cooperation. If such bloc cooperation proves effective, this will be to the benefit of general integration. An understanding that it is, for all that, necessary to create a unified space will come at the intersections of the regional "overlapping" revealing purely economic advantages.

In the interview the talk came around to the difficulties that are being experienced by the Russian-speaking population in the "near abroad." "How do things stand in this respect in Kazakhstan?" the correspondent asked.

As we all know, N. Nazarbayev said, Russia recently extended to the year 2000 for persons residing outside of its territory the term in which citizenship of the Russian Federation could be granted. But things are not going all that smoothly for all who are going to Russia at this time. Imagine that at the summons of certain politicians all 25 million Russians residing in the former republics were suddenly to go to Russia. Would the Russian Federation be prepared to accept and provide for them? In Kazakhstan they at least have housing, a job, and some means.

No one is preventing their departure together with their property. They may sell their shares here also. But I do not believe that this people coming "to their historical homeland" and living in poverty in the Russian Federation would be very fond of today's leadership of Russia for their position. Russians are coming to Kazakhstan from Tajikistan and from the Caucasus and from neighboring states. Last year 55,000 Russians came to our republic, and even those who had left earlier frequently return, what is more. And it is politically important and economically profitable to provide them with normal living conditions.

The Constitution, which we adopted in 1992, is a compromise, of course, N. Nazarbayev observed. It was adopted when the republic was still in a state of euphoria at the independence that it had obtained. It should be acknowledged that some excesses were permitted in the Basic Law. Although it seems to me that in respect to the rights of people of different nationalities, the Kazakhstan Constitution is one of the best that have been adopted in the states of the former USSR. Ultimately we have not adopted laws to the effect that Russians are not citizens of the republic. As we know, in Estonia, in order to become a citizen of the country it is necessary to have lived on its territory for at least 10 years and also to have passed an examination testing knowledge of Estonian and Estonian legislation. We have nothing remotely approaching anything of the sort.

It is wholly a question of the fact that we had a united Soviet Union, a kind of unified motherland. We have it no longer. And, in addition, Tajikistan, Chechnya—these are all factors that cause discomfort. A person begins to wonder: What next? Where should I settle? What will become of my children, grandchildren? Therefore, such musings lead to emigration and the demand for dual citizenship lest they in the future find themselves left outside of Russia, Ukraine, or Belarus. But is it possible to keep an eye on the kind of attitude there is toward a person who has two passports? Such a person would not, most likely, be hired for work connected with state secrets and would not be appointed to high office: This person is not one of ours, as it were, he is "second class." And not even the most splendid laws help here. Why create one conflict in place of another? It was for this reason, N. Nazarbayev recalled, that I proposed the introduction of free citizenship for Kazakhstan and Russia. Five or six years will elapse, we will have emerged from the crisis, the economy will have stabilized, and the individual will himself decide where he wants to live. Dual citizenship is also opposed, incidentally, by the United Nations and other international organizations—they believe that this merely leads to the emergence of new conflicts.

A second issue concerns language. Only Kazakh is the official language in our republic. But we have called Russian the language of inter-nation communication, which is very important for a multinational state. I am saying continually that this is the language via which we move out into the world and that in Kazakhstan it has an extensive presence as the government and parliamentary language and as the language of conferences—it is necessary to speak in the language that everyone knows.

Were we to record in the Constitution that both Kazakh and Russian are the official languages, what would happen? Of the 8 million Kazakhs in Kazakhstan, 5 million would be utterly opposed, and we would acquire an explosive situation.

That it is necessary to comply precisely with the articles of the Constitution that say that discrimination against an individual according to the principle of ignorance of the official language or the language of inter-nation communication is prohibited in Kazakhstan is another matter. In actual fact, no one with us is demanding each person's immediate knowledge of Kazakh. But not to know how to exchange greetings in Kazakh or how to say "thank you" is for us insulting.

The INTERFAX correspondent asked whether there were any hidden reefs in the way of the partnership and friendship of the Russian Federation and Kazakhstan.

Friendship ends where for the head of state the interests of one's country begin. Our concept and policy is to deepen mutual understanding and to completely exclude all manifestations of mistrust between Kazakhstan and Russia, N. Nazarbayev declared. Each state has at this time been placed within the strict framework of survival and competition. If you want to prosper, you have to win, sustaining severe competition, a place in the sun. A particularly difficult task for small states. For this reason our orientation toward a continuation of the strategic partnership with Russia is invariable, it is a tried and tested and well-considered policy.

The president expressed astonishment at certain Russian "pragmatists'" failure to understand the advantageousness of this partnership for Russia itself also. He termed Kazakhstan's ejection from the ruble zone a classic example of such pseudo-pragmatism. It took me, N. Nazarbayev said, entire days to persuade my parliament of the necessity for waiving sovereignty and ratifying the document on preservation of the ruble zone. And then, when the impossible had, seemingly, been achieved, Shokhin, former deputy prime minister of the Russian Federation, comes and says: Why do you need this, Nursultan Abishevich? The Russian train is hurtling down the incline, and you want to jump into the last car so that you can crash together with us? Kazakhstan, with its powerful potential, would survive better on its own. I say, what, are you making fun of us? He replies: "I have great respect for you, this is why I have come to tell you this." So we had to hastily put into effect the plan for the introduction of our own currency.

In great secrecy four transport aircraft from Britain began to bring in the currency that had been printed for us. For the purposes of secrecy, the wrapping indicated that this was not money but new passports. Finally, the introduction of a national currency was announced 11-12 November 1993. I had not previously, incidentally, told this story to anyone, he acknowledged. Kazakhstan, incidentally, is the sole republic of the Commonwealth which has no debts owed Russia.

The conversation in the interview also touched on the granting of war veterans the special privileges specified by an edict of the head of state.

Yes, N. Nazarbayev said, nowhere else in the CIS are such privileges provided for veterans as in Kazakhstan. It is important to commemorate Victory Day on 9 May, of course. But the main thing is to show concern under these most difficult conditions for the participants in and the invalids of the Great Patriotic War. And approximately 130,000 of them are living in Kazakhstan at this time. The presidential edict exempted participants in the war fully as of last June from payment for public utilities and assured for them free medical services, free travel, and free visits to the hairdresser's. They visit places of entertainment and sports establishments free of charge. Once a year a veteran may travel to any country of the CIS—the state will pay for his travel. A substantial monetary fund has been created in each oblast and each city and rayon of Kazakhstan. This fund is headed by the veterans themselves.

A significant place in the interview was devoted to the problem of Russo-Kazakhstani cooperation in the sphere of oil production and the shipment of hydrocarbon raw material and to a number of other urgent matters.

New Social Movements Registered

954F1570A Almaty PANORAMA in Russian No 8, 25 Feb 95 p 6

[Article by A.B.: "Seven Social Movements Registered With Ministry of Justice"]

[FBIS Translated Text] On 21 February, a ceremony took place in the Ministry of Justice marking the registration of seven social organizations: the People's Cooperative Party, Kazakhstan-Korea Friendship Society, Kazakhstan-American Bureau on Human Rights and the

Observance of Legality, Zhadiger International Foundation, International Ecological Association of Women of the East, Academy of Natural Sciences, and Philanthropic Association of Women Entrepreneurs of Kazakhstan.

Certificates of charter registration were presented by Minister of Justice Nagashbay Shaykenov. Congratulating Zhemis Turmagambetov, deputy executive director of the Kazakhstan-American Bureau on Human Rights and the Observance of Legality, on the official occasion, the minister noted that as a lawyer he was doubly pleased, since the bureau is setting for itself quite noble goals: consultation with respect to republic legislation in the sphere of human rights, organization of the monitoring of human rights observance, and support of the development of democratic structures in a civil society.

Baydabek Tulepbayev, first secretary of the Communist Party of Kazakhstan, was presented a certificate of registration of amendments and additions to the party charter. Mr. Shaykenov acknowledged that making the decision on registration of the amendments and additions required a certain amount of courage on his part.

"On the other hand, I did not vacillate in my belief that you have the right to register them," he stated, addressing representatives of the Communist Party of Kazakhstan, "insofar as the objectives proclaimed in accordance with the charter must be attained through constitutional measures."

Perhaps tomorrow someone will censure the Ministry of Justice for making such a decision, the minister continued. It is especially regrettable to hear criticism directed our way for registering certain social organizations coming from scholarly people, reputable academic figures who teach law. Their demands, addressed to the ministry, to refuse registration to such associations as the Cossacks on the basis that tomorrow they will violate the Constitution compel us to reflect on their competence in the sphere of law. The minister presented an analogy—do we have the right to refuse an infant a birth certificate on the basis that his parents are not law-abiding citizens?

Crime Statistics Released, Compared

954F1568A Almaty PANORAMA in Russian No 8, 25 Feb 95 p 6

[Article by A.B.: "Robbery and Assault With Intent To Seize Citizens' Personal Property Is Enjoying Ever-Increasing Popularity in the Criminal World"]

[FBIS Translated Text] On 17 February, Vasiliy Simachev, chief of the Main Criminal Investigations Directorate of the Internal Affairs Administration, held a press conference at the Ministry of Internal Affairs. In contrast to similar events in the judicial system, Procuracy, and Ministry of Justice, the information issued by the Ministry of Internal Affairs had a current-operations orientation—journalists were invited to acquaint themselves with the results of operation of the internal affairs organs in January of this year.

We cannot look at the situation with optimism. A 4.1 percent increase in crime was noted in 11 oblasts of the republic—12,847 crimes were recorded. Throughout the republic overall, 15,380 incidents of crime were reported through all department channels. This is 5.4 percent greater than in January 1994.

The level of misdemeanors committed per 10,000 people throughout the republic amounted to nine, as opposed to eight last year. The level of felonies remained the same—seven out of 10,000 people. The overall level of criminal activity was higher than the average republic index in Karaganda Oblast (13), East Kazakhstan and Mangistau Oblasts (12 each), and Pavlodar and North Kazakhstan Oblasts (11 each). This index is 16 in the capital.

The incidence of crimes directed against people's lives and health increased by 20 percent. Among these, the number of premeditated murders rose 18 percent, infliction of grave bodily injury—25.4 percent. The latter figure includes a 90.8 percent rise in such incidents resulting in death and 14.7 percent rise in rape and assault cases.

As noted in the briefing, the increase in crimes against individuals was caused to a certain degree by serious deficiencies in preventive measures taken with respect to unemployed citizens, citizens with prior convictions, and lawbreakers.

The statistics seem to confirm the view of the Ministry of Internal Affairs leadership that it would be advisable to reinstitute treatment and labor facilities for crime prevention. According to operational reports, one out of every two cases of premeditated murder (52.1 percent) and infliction of grave bodily injury resulting in fatality was preceded by a joint drinking session involving criminal and victim, where alcoholic beverages were consumed. One out of every two was committed in an apartment. One out of every three was the result of conflict between relatives. In Aktyubinsk, Almaty, Zhambyl, and Zhezkazgan Oblasts, one out of every two premeditated murders was committed under everyday circumstances, and 80.4 percent of all the premeditated murders were committed by people who were unemployed and not taking courses anywhere. Statistics also provide an interesting characteristic of the crime victims—over 70 percent were out of work and 20.6 percent were elderly persons.

As far as level of crime-solving is concerned, the data here is outrageous. The average index for the republic is 46.5 percent. Judging from the reports, the greatest level of crime-solving is seen in Arkalyk—82.2 percent. The crime-solving index in Aktau (54.5 percent) and Semipalatinsk (49 percent) can likely serve as an example for city and oblast criminal investigations directorates. But a fact is a fact. Even according to official statistics, more than half of all crimes in the republic remain unsolved. While for certain cities entered in Ministry of Internal Affairs documents as subject to special monitoring, this index is purely symbolic: Temirtau—8.1 percent, Aktyubinsk—14.9 percent, Shakhtinsk—15.6 percent, Akmola—17.7 percent.

For all department channels, 6,816 crimes in all remain unsolved, 6,607 being in criminal investigations. The perpetrators were not identified in 18 cases of premeditated murder, 168 incidents of grave bodily injury, 98—of assault and robbery, 738—of robbery, 33—of rape, and 4,928—of theft.

In Almaty a colossal growth was observed in the incidence of theft of state and public property—by 89 percent.

Crimes such as robbery and assault with intent to seize citizens' personal property is enjoying ever-increasing popularity in the criminal world. According to operational reporting data, more than half of the attacks were committed with the use of firearms. In almost one out of four cases, the object of encroachment was a motor vehicle. Here too the capital heads the dismal list. It is in Almaty that the greatest number of robbery-assault cases were committed (43, as opposed to 29 in January of last year).

Some 7,127 individuals overall participated in criminal activity, of whom 6,806 (95.5 percent) were recidivists (criminal cases investigated in January of this year).

U.S. Tobacco Company Faces Problems in Kazakhstan

LD2802132795 Almaty OGNI ALATAU in Russian 28 Feb 95 p 1 (Tentative)

[Unattributed article: "Breakthroughs. Business. Prospects. The Philip Morris company in Kazakhstan"]

[FBIS Translated Excerpt] In the last issue of OGNI ALATAU readers were briefly informed about the ceremonies to mark the opening of the modern technological lines in a reconstructed section of the Almaty tobacco factory. This is just a good beginning to the huge work which the company intends to carry out jointly with its Kazakh colleagues in developing the republic's tobacco industry and bringing it up to world standards and capacity which will meet the entire demand for this product throughout Kazakhstan. And the investment policy of the company is aimed at this.

In 1993 Philip Morris paid the Government of Kazakhstan $100 million and additionally took on itself the obligation to invest $240 million more over the next five years. Apart from the building of the new tobacco processing line, modern production equipment, and the new automated tobacco factory in Chilik, the investment plan also includes a considerable amount of expenditure on the development of local tobacco production, and training the workers of the Almaty tobacco company, and also social needs including expenditure on the pension fund of one million dollars. In addition to this all the workers (from the moment of hiring) have been given employment guarantees for a term of three years. In 1994 the government accepted the proposal by the Philip Morris company to build a new world standard factory in the outskirts of Almaty, instead of reconstructing old sections of the Almaty tobacco factory. The old buildings of the factory situated in the city center will be returned after the new factory has been built. [passage omitted]

In a word, the beginning of the major business of reconstructing the tobacco industry in Kazakhstan is under way. But in order that this business should continue to go well, there are a number of complicated problems which have to be tackled. Here are some of them.

Last year the Almaty tobacco factory faced a number of operational problems, which led to the closure of the factory in May and June. Together with the fact that these problems were partially caused by the general difficult economic situation, excise tax and the situation with import tax played a negative role. In the second half of the year the problems of distributing products and marketing them were solved to a considerable extent thanks to the efforts and business skills of the recently formed Kazakhstan Distribution Company. But the problem of taxation remains and continues to create severe financial restrictions for the Almaty tobacco factory. The essence of the problem is this. Its production is subject to 30 percent excise tax and 20 percent value added tax. These two components together make up 72 [as published] percent of the final price of the factory's products and should give the government revenues equivalent to $35 million in 1995. Cigarettes produced in Russia, meanwhile, are taxed less—the rate of excise tax is only 20 percent—that is why they have conquered the major share of the north Kazakhstan market due to their price advantage. Moreover large volumes of cheap cigarettes have arrived on the market, mainly from Bulgaria and Pakistan without payment of the set excise and import taxes.

In order to remain competitive, the Almaty tobacco factory's products have to be sold at very cheap prices, which gives financial results which do not justify the aforementioned huge investments by the Philip Morris company in Kazakhstan. While the Almaty tobacco factory paid a total of $12 million in excise tax and VAT in 1993, the company registered losses for the same period. Taking into account the new production equipment and the considerable improvement in the quality of the products, which have been reached thanks to imported materials, and also the remarkable increase in the wages of workers, then it may turn out that the company will suffer further huge losses this year when excise tax and VAT may reach $36 million. This problem is being discussed with the appropriate officials and working groups, organized by government decree.

Proposals have been prepared which would not only create a viable climate for the Almaty tobacco factory, but would also significantly increase as a whole collection of revenues from taxes and duties, thus ensuring an increase in revenues for the state. What is the essence of these proposals, which the republic's government knows about and worries about? In order to compete with smuggled goods, such as the Russian goods, it is necessary to reduce excise tax on local cigarettes from the present 30 percent to the Russian level of 20 percent, and also to introduce and use rational rates for excise taxes on imported cigarettes which more than compensates for the reduction in excise taxes levied on cigarettes produced inside the country. It is also important that the Almaty tobacco company has a free entrance to Kazakhstan's market throughout its territory and also in all the forms of selling its products.

As we see, the intentions of and prospects for the Philip Morris company and Kazakhstan's structures are very hopeful. Well then, a big ship faces a major voyage.

Tajikistan

UN Official Continues To Prepare Talks With Opposition

LD0203101895 Moscow ITAR-TASS in English 0732 GMT 2 Mar 95

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Transcribed Text] United Nations Organisation March 2 TASS—U.N. Assistant Secretary-General Aldo Ajello is continuing his mission for preparing the fourth round of talks between the Tajik Government and the opposition, which he started on February 23, Ahmad Fawzi, official representative of the U.N. secretary general, reported today.

"Ajello is continuing his mission. Today he met in Dushanbe high-ranking representatives of the Tajik Government. Tomorrow in the morning he leaves for Islamabad to meet representatives of the Tajik opposition," Fawzi said.

The U.N. secretary-general will submit to the Security Council another report "on the situation in Tajikistan". Most probably, this will be done after Ajello reports the results of his meetings with representatives of both sides at the talks between the Tajik Government and the opposition.

Rebel Radio on Emerging New Opposition Force

LD0103130895 (Clandestine) Voice of Free Tajikistan in Tajik 0630 GMT 28 Feb 95

[FBIS Translated Excerpt] In addition to the resistance of the opposition forces and the dissatisfaction of the country's residents with the regime, another opposing force from Khludzhand, the center of the Leninabad Region, has now started an open political struggle against the regime. This is the Party of National Unity [Hezb-i Vahdat-i Milli] led by Abdumalik Abdullojonov, the former prime minister of Tajikistan.

Although it was clear from the moment the party was formed that it would work against the regime, its masters kept this quiet. After their candidates were prevented from taking part in the parliamentary elections they [words indistinct]. This point became apparent during an interview given to a BBC correspondent by Bobojon Ikromov, the party's spokesman and former chairman of the Radio and Television Committee of Tajikistan, which was broadcast yesterday evening. Here is a report from our correspondent Muboriz Nekvard on this issue:

[Nekvard) What the experts warned would probably come about as a result of the elections or the appointments made by the communist apparatus in Dushanbe is now taking on clearer outlines. We mean the confrontations between the center and the north of the country, which have been going on from the beginning of Rakhmanov's activity, but which have been kept quiet to some extent, at the regime's initiative. But the elections, designed to legitimize the Dushanbe regime, which is founded on democratism, secularism, constitutionalism, and many other isms, made this point public. With its obstinate radicalism and use of irreconcilable methods, the regime wanted to display its power and strength to those who hold opposing views. For this reason, it ignored the good intentions of Abdumalik Abdullojonov's National Unity Party in trying to take part in the Supreme Assembly elections.

This is actually the kind of decision that is taken not by Imomali Sharipovich Rakhmanov, but by Boris Nikolayevich Yeltsin and his puppets in Tajikistan, such as Patrikeyev, Chechulin, and Novikov [military commanders]. We are not wrong about this. Rakhmanov's role—always with Russian generals at the ready and vigilant at his side—is only to misguidedly carry out the divisive plans sent down from the Kremlin.

All those who at the end of 1992 took the director of a state farm in Dangara District and turned him into the future communist leader of Tajikistan [Rakhmanov] are now gradually abandoning this stricken ship with a captain who does not believe in God and does not pray or fast.

We warned them earlier that the policy of Rakhmanov's communist regime would only bring disunity and discord to the people, that it would lead to division in Tajikistan, and that it would bring no benefits to the people. We find that the same point, together with some other ones, was made in the interview given by Bobojon Ikromov, the spokesman of the National Unity Party of Tajikistan. It should be mentioned that Bobojon Ikromov worked as chairman of the Radio and Television Committee of the regime in the early days of Rakhmanov's rule and that he has now joined Abdullojonov. [passage omitted]

Radio Denies U.S. Supports Rebels

LD0103135595 Dushanbe Radio Tajikistan Network in Russian 1000 GMT 1 Mar 95

[FBIS Translated Text] Over the last few days, the formations of the Tajik armed opposition in Vanchskiy District of Gorniy Badakhshan have been actively discussing the possibility and timescale for conducting armed actions with the arrival of favorable weather conditions. To this end, at the end of February, a meeting of the fighters of the Islamic Rebirth Movement was held there. A KHOVAR correspondent learned this from a well-informed source, who noted the hopelessness of the malicious plans of the fighters and that they are doomed to failure.

What are the rebels hoping for? Above all, for financial and military aid from foreign states. It is no secret that some Middle East countries actively support the opposition formations. Mercenaries from that region are also present in their ranks.

But Sayid Sharipov, one of the field commanders of the opposition, decided at the underground meeting of fighters not to miss the opportunity for self-advertising. The visit of Khoja Akbar Turajonzoda, one of the leaders of the Islamic Rebirth Movement, to the United States has become an important argument for him. According to Sharipov, their spiritual leader supposedly established contacts with some officials and hopes to receive assistance. This is a regular canard from the opposition and counts on the microscopic brains of the fighters. However, did they realize that this is a lie?

Islamic Movement Denies Planning Attack on Pyandzh

LD0103152095 (Clandestine) Voice of Free Tajikistan in Tajik 1320 GMT 1 Mar 95

[FBIS Translated Text] Professor Sayed Abdullo Nuri, the leader of the Islamic Movement of Tajikistan, has denied the claims of General Chechulin, the commander of the Russian Border Troops in Tajikistan, that mojahedin are preparing to launch an attack on Pyandzh, and he strongly condemned the actions of Dushanbe regime's espionage services against the defenseless people.

It will be known that two days ago the radio and television of the communist regime of Dushanbe broadcast a report that General Chechulin had told the head of the UN military observers General Hasan Abbas about a probable surprise attack on the Pyandzh district.

Professor Nuri spoke to our correspondent an hour ago and said that the Islamic Movement of Tajikistan will always remain faithful to its peace-seeking efforts and will make efforts to prevent violations of cease-fire violations by its mojahedin.

Professor Sayed Abdullo Nuri blamned the Dushanbe regime for violating the cease-fire, and said that its security services have created an atmosphere of fear and terror and have not stopped torturing civilians, even innocent Tajik women.

Professor Nuri condemned such violations of human rights in Tajikistan, and said that these actions are not in the interests of the nation and will slow the process of national reconciliation.

Professor Sayed Abdullo Nuri called on the Dushanbe regime to stop harming, torturing, and killing its own people.

Islamic Revival Movement Denies Validity of Elections

LD0103143195 Moscow INTERFAX in English 1356 GMT 1 Mar 95

[FBIS Transcribed Text] TEHRAN, March 1 (Interfax)—the Tajik opposition does not recognize the results of the parliamentary elections held in Tajikistan on February 26, an opposition leader, Vice Chairman of the Islamic Revival Movement Akbar Turadzhonzoda told Interfax on Wednesday.

He said that during the elections the citizens were denied the freedom of choice, because the opposition press, party and movement are banned in Tajikistan. "The regime which came to power by force of arms is trying to legalize itself through elections," he said.

"We propose that power be passed to a state council consisting of neutral people and representatives of the opposition and the regime," he went on to say. "Disarmament must be carried out with the help of peacekeeping forces and under U.N. control, and the constitution must be amended," he said.

"Presidential and parliamentary elections might be held and a new constitution adopted only after normal conditions are created for the return of refugees, and for the activity of political parties and the press," said Turadzhonzoda.

"The constitution must have provisions prohibiting theocracy and communism, the mass media must be given freedom and private property must be introduced," he continued. "The opposition will neither recognize the election results nor participate in elections until these terms have been fulfilled," he said.

"The current regime did not allow even the loyal Abdumalik Abdullojonov (Rakhmonov's former rival during the presidential elections of November 1994 - Interfax) to run for parliament," he said.

Turandzhonzoda on Conditions for New Talks

LD0103160295 Moscow INTERFAX in English 1521 GMT 1 Mar 95

[FBIS Transcribed Text] TEHRAN, March 1 (Interfax)—The next round of talks between Dushanbe and Tajik rebels depends on how the previous accords are implemented, one of the opposition leaders and Deputy Chairman of the Islamic Revival Party Akbar Turandzhonzoda told Interfax.

He accused Dushanbe of violating the agreement by holding presidential polls and a referendum on the country's new constitution last November and general elections last Sunday.

The opposition leader also charged Russian border guards with ignoring the cease-fire agreement that Tajik officials and the opposition signed in Tehran on September 17, 1994. He quoted Commander of the Russian Guards Anatoliy Chechulin as saying in January that it was out of line with the treaty between Dushanbe and Moscow on joint border controls.

Turandzhonzoda demanded that Russian checkpoints be removed on a Kalaikhum-Horog highway and the weapons seized in Gorno-Badakhshan returned to opposition members. For its part, Dushanbe must recall government forces it sent to the region in violation of the agreement banning any troop movements or military exercises while it is being in force.

"We do not reject negotiation as such and are ready to hold talks in any CIS city," Turandzhonzoda said. "For its part, Moscow must honor the accords reached; if not, why bother holding any talks at all," he said.

Premier Concludes Monetary Talks in Russia

LD0203074095 Dushanbe Radio Tajikistan Network in Tajik 1200 GMT 1 Mar 95

[FBIS Translated Text] The country's prime minister, Dzhamshed Karimov, is to return to Dushanbe from Moscow today after holding a number of meetings with the leaders of Russian Government. He met the Russian Prime Minister Chernomyrdin there.

The prime ministers of Tajikistan and Russia signed an important document, according to which the Russian ruble will be considered the principal currency, without reservation, in our republic until the end of the year.

Uzbekistan

Iran's Va'ezi Arrives for 3-Day Visit

LD0103000195 Moscow ITAR-TASS World Service in Russian 2327 GMT 28 Feb 95

[FBIS Translated Text] Tashkent, 1 Mar [as received]—Mahmud Va'ezi, deputy foreign minister of Iran, intends to discuss questions of expanding links of cooperation between Uzbekistan and Iran during his three-day official visit to Tashkent which begins today. He will hold talks with leaders of Uzbekistan's Foreign Ministry and consultations with one of the deputy prime ministers. He will be received by President Islam Karimov.

Karimov, Va'ezi Discuss Regional Security

LD0203102595 Tashkent Uzbekistan Television in Russian 1400 GMT 1 Mar 95

[FBIS Translated Text] Uzbek President Islam Karimov received Mahmud Va'ezi, deputy foreign minister of the Islamic Republic of Iran, today.

The president congratulated the guest, and via him Iranian President Rafsanjani and his people, on the celebration of Ramadan.

During the conversation it was noted that, after the exchange of visits at the highest state level, relations between Uzbekistan and Iran were raised to a new level. The parties discussed matters of regional security.

Abdulaziz Komilov, Uzbek minister of foreign affairs, and Sayed Mohammad Musa Hashemi-Golpayegani, ambassador extraordinary and plenipotentiary of the Islamic Republic of Iran to Uzbekistan, took part in the conversation.

Russian Ambassador Interviewed on Emigration

LD0203115495 Tashkent NARODNOYE SLOVO in Russian 1 Mar 95 p 1

[Unattributed article: "There Is No Cause For Concern"]

[FBIS Translated Excerpt] Filipp Sidorskiy, the Russian Federation ambassador extraordinary and plenipotentiary to the Republic of Uzbekistan, replies to questions from a correspondent of the Uzbek Information Agency:

[Correspondent] After the breakdown of the former Soviet Union and the achievement of independence, relations between the newly independent CIS states are being developed on a completely new political and socioeconomic basis than previously. How is Russia building its relations with Uzbekistan at this stage?

[Sidorskiy] It will not be news if I say that both our independent countries, Russia and Uzbekistan, are equally interested in strengthening and developing broad bilateral ties on many levels, and also in bringing them closer together and in close cooperation within the framework of the CIS, at regional and international levels. Presidents Boris Yeltsin and Islam Karimov spoke about this several times. The firm intention to follow the path of partnership and friendship was marked in the political declaration which was signed at the end of the official visit by the Uzbek president to Moscow on 2 March 1994. The very title of this declaration speaks for itself: "On developing and deepening comprehensive cooperation between the Russian Federation and the Republic of Uzbekistan."

It is natural that certain difficulties may arise on this path. It is a complicated process and a new model of interstate relations is emerging here. For Russia and Uzbekistan, this model includes developing constructive and fruitful cooperation between the two sovereign and independent states on the basis of equality, with a fairly high level of economic integration and, which is especially important, with the preservation of all that is good which has been generated over more than a century of close relations between our people. I see the fulfillment of these tasks as the basic sphere of activities of the Russian Embassy in Uzbekistan. [passage omitted]

[Correspondent] Uzbekistan has created equal conditions for all the country's citizens, including the Russian-speaking population, for living, studying the language, maintaining national traditions, and also for freedom of their religion. If this is the case, do these people have grounds for worries about their future?

[Sidorskiy] As the Russian ambassador, I can tell you the following:

Undoubtedly, in Uzbekistan equal chances are constitutionally and legally guaranteed for the whole of its multiethnic population. This policy, naturally, creates good grounds for interethnic accord and friendship between all the people who inhabit the country.

But life is more complicated than the best laws, the implementation of which takes time and patience.

Our daily contacts with those compatriots who have already made the decision to leave or those who are thinking about it enables us to draw the conclusion about the following reasons for the growth in the migration stream from Uzbekistan. First of all it is the people's eagerness to return to their historical homeland and to reunite with their relatives and near ones. This eagerness is quite understandable. The breakdown of a united empire and the establishment of a number of independent states on its territory is perceived differently by people. For many of them the reason for leaving is the new economic reality, when people who have elderly parents or children in Russia have not been able to visit them due to the cost of transportation or to send them material aid as they used to due to the nonpassage of payments and the inconvertibility of currencies. Of course, I believe that this is a temporary phenomenon but it does exist at this stage.

Moreover, the language problem, the less common use of Russian, and as a result trouble in finding a job and sometimes even in ordinary communication is a motive for moving to Russia. I understand that ideally our compatriots who wish to settle down in Uzbekistan should learn Uzbek. Those who go to settle permanently in the United States, Germany, Israel, or any other country soon realize that without knowing the language of the country they live in they have no future and are necessarily forced to learn a new language. I have great respect for those Russians in Uzbekistan who know Uzbek. I see how the opportunities to realize themselves in the republic as an individual are broadened. But, unfortunately, there are not many such people and a considerable portion of them just do not believe they can learn the language or do not understand the need for it. There are doubts about their own abilities (at 40 or 50 years old, it really is hard to learn a language) and evidently there is not enough explanatory work and not always a tactful attitude to these people, insufficiently developed systems and methods of teaching, and finally the attitude to the Russian language in Uzbekistan which has put down its roots over decades. In this sphere patient, thoughtful, and flexible work is necessary.

It is obvious that there are other reasons here, not invented, but realistic, which provoke anxiety and make some compatriots think about a possible move to Russia. And the main thing is, in my opinion, not to close our eyes to these reasons but jointly to look for ways to remove them, to help our compatriots to obtain a true motherland in Uzbekistan, to strengthen their confidence that the great future of the republic will become their great future as well.

[Correspondent] Some parts of the Russian mass media claim that the Russian-speaking population is leaving Uzbekistan en masse. What do you think of such statements?

[Sidorskiy] There really are certain articles in the Russian press at times on the supposed mass or virtually total exodus of the Russian-speaking population. I do not share this view and moreover I disapprove of such articles. It is impossible to say that there is no migration—it is going on. Unfortunately, I do not have any official statistics. At present there is no such information either in Russia or in Uzbekistan. According to our estimates more then 300,000 people have left Uzbekistan over the last three years, and some of them have returned. Certainly this is not mass migration but nevertheless it is a phenomenon worthy of attention. In the last 2-3 months the migration rate has fallen although it still exists among the Russian-speaking population. Which way the pendulum of migration will swing this year depends on many factors but first of all on whether we will be able to take measures to reduce the stream of migrants. This would meet the interests of both Russia and Uzbekistan. [passage omitted]

PDP Approves Karimov's Keynote Speech on New Parliament

LD0103184995 Moscow INTERFAX in English 1654 GMT 1 Mar 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Leaders of the ruling People's Democratic Party [PDP] ended a meeting on Tuesday by approving President Islam Karimov's keynote report to the country's new parliament. IF note: The PDP led by Karimov himself is Uzbekistan's largest party and heir apparent to the former Communist Party. Its membership runs at 380,000.

The meeting approved the main principles of the country's social, political and economic development outlined in the report stressing the need to build up a state "based on local mentality formed under the influence of philosophy and enlightened Islam".

It said Karimov's policy of gradualism in democratizing the country was correct because any revolutionary way of achieving this "is unacceptable in the east". Particular attention was paid to the formation of national independence ideology which is expected to fill the void emerging after the breakdown of "socialist doctrines".

PDP leaders called on the people to support the extension of Karimov's powers until the year 2000.

Armenia

Tension Reported With Georgia Over Church in Tbilisi

NC0103205895 Yerevan NOYAN TAPAN in English 1435 GMT 1 Mar 95

[FBIS Transcribed Text] [No dateline as received] The Interim Holder of the post of Catholicos of All Armenians Torgom Manukian addressed a letter to the Leader of Georgia Edward Shevardnadze and the Georgian Catholicos Ilia II, expressing his concern over an incident, which took place at the Armenian Saint Astvatsatsin Church located in the Norashen district of Tbilisi. In his message Torgom Manukian also said that he hoped that every effort would be made to strengthen fraternal relations between peoples of Armenia and Georgia.

NT: Recently some persons under the pretext of restoration have damaged Hovnatanian's frescoes at the Armenian Saint Astvatsatsin Church. Moreover, according to rumors, there is a tendency to proclaim the Church Georgian one.

Education Minister Visits Moscow, Discusses Schools

NC0103210195 Yerevan NOYAN TAPAN in English 1402 GMT 1 Mar 95

[FBIS Transcribed Text] [No dateline as received] On February 27 the Armenian Acting Minister of Education Ashot Bliyan met with the Russian Minister of Education Yevgeniy Tkachenko. Programs for reforms being implemented by the two countries in the field of education were discussed.

A press center of the Armenian Ministry of Education reports that Bliyan outlined the situation in Armenia's Russian-language schools, and discussed issues on provision of 117,000 pupils of these schools with books. The Armenian Minister of Education also visited "Prosveschenie" Publishing House, where with participation of directors of "Novaya Shkola", "Chastnaya Shkola" and "Slovo" Publishing Houses a discussion of mechanisms for providing Armenia with books within the framework of the Russian-donated credit and possibility of establishment of information network was held.

Bliyan also paid a visit to the Moscow "Industrial" Pedagogical College and "Irmus" Private School. On March 2 the Armenian Minister is scheduled to meet with the Head of Moscow's Department of Education Kezina, the Director of the Center for Development of Educational System Abramov and the Director of Russia-based Head Office of "SOROS" Foundation.

$60 Million IDA Credit Agreement Approved

NC0103211895 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 1 Mar 95

[FBIS Translated Text] The Armenian Supreme Council continued debating the bill on the elections for the National Assembly during its 1 March meeting under First Deputy Chairman of the Parliament Ara Sahakyan.

According to the Supreme Council press service, at the start of the meeting, Eduard Yegorian, a member of the Supreme Council Presidium, proposed an urgent parliamentary debate for the approval of the $60 million development and reconstruction credit being opened by the International Development Association [IDA] to the Armenian Republic.

Next, speaking on behalf of the working group, deputy Khosrov Harutyunyan presented the criticisms and proposals presented regarding specific contentious provisions in the bill on parliamentary elections. During the debate, Chairman of the Parliament Babken Ararktsyan expressed his views and noted specifically that all the (?proposals) made in connection with the contentious issues have been examined in detail at the working group. He then appealed to the deputies to make their positions clear by casting their votes.

During its afternoon meeting under Deputy Chairman of the Supreme Council Artashes Tumanyan, the parliament voted to include the issue of the approval of the $60 million credit agreement signed between IDA and the Armenia Republic on its current agenda as an urgent matter.

Following concluding statements, the parliament approved the reconstruction credit agreement signed between the Armenian Republic and IDA. It then voted and approved Articles 8 and 9 of the bill on the elections for the National Assembly in line with the draft presented by the working group. These articles refer to the regulations concerning the formation of the territorial and [word indistinct] commissions. The examination of the bill will continue in the next sessions of the parliament.

With this, the Supreme Council concluded its three-day session.

New Organization Sets Out Objectives

NC0103150095 Yerevan SNARK in English 0809 GMT 1 Mar 95

[FBIS Transcribed Text] Yerevan, February 28 (SNARK)—Its first official meeting with journalists organized the leaders and deputy group of a new social-policy organization "Armenian Scientific, Industrial and Social Union" (ASISU), registered last October by the Justice Ministry. The meeting was held today in the Parliament House.

A sort of report on the Union activity during the passed time was made by the Union Board. Council Chairman, Aghasi Arshakyan, and Secretary Aram Martirosyan, as well as MP Suren Zolyan discussed the Union objectives, structure, as well as current and perspective policy.

Primary target of the civil policy, told the Union leaders, is to attain in 1995 a national consent and create conditions for the full-scale activity of industry in Armenia. The latter is impossible without progress in science, said Arshakyan.

The leaders called ASISU a centrist organization, capable to unite representatives of various political parties. Such position already gave its positive results. A Parliamentary group has been already set up, including Arshakyan, Zolyan, as well as Rafayel Kazaryan and Igor Muradyan, and some MPs wishing to join.

Crucial is the power issue, said the Board Members, therefore ASISU will participate actively in the pre-election campaign, for which the Union position presently not to enter in coalition with other organizations.

In its foreign policy, told the organizers of press conference, ASISU is governed by a principle "all states are good, and Russia is also friendly".

By having a developed industry and science, concluded Aghasi Arshakian, we may reach the desired well-being. As soon as this goal is attained, our Union will step down.

Azerbaijan

Aliyev Confers With U.S. Official on Karabakh

LD0103191095 Moscow INTERFAX in English 1658 GMT 1 Mar 95

[From the "Diplomatic Panorama" feature: Reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Baku, Mar 1 (Interfax)—The United States is planning to give a fresh impetus to the Minsk process of Karabakh settlement and will step up pressure on the negotiating sides to bring about the soonest possible achievement of results, Jozef Pressel, head of the U.S. State Department's Office for the Commonwealth and New Independent states and U.S. representative in the OSCE Minsk Group on Nagorno-Karabakh, told Azeri President Geydar Aliyev in Baku.

The diplomat expressed concern about the increased danger of the truce falling through on the front if no considerable progress is achieved at negotiations within two or three months. The truce has been in effect since May 1994.

In his turn, Aliyev voiced Azeri plans to abide by the cease-fire agreement and said that the major obstacle to a political settlement is the unsettled problem of Shusha and Lachin. His statement was reaffirmed by Azeri Foreign Minister Gasan Gasanov.

The Armenians have refused to leave these towns because Shusha is located on the territory of Nagorno-Karabakh and the only road from Karabakh to Armenia goes via Lachin. The majority of Shusha residents before the conflict were ethnic Azeris.

The Azeri Foreign Minister told the U.S. visitor that representatives of the Minsk group co-chairmen Vladimir Kazimirov and Anders Bewrner proposed a way to settle the problem during their latest visit to Baku. Azerbaijan has basically accepted the proposal with a small reservation. Baku proposed to settle the problem within the framework of a major political agreement between the parties to the conflict that is now being prepared, instead of doing it after the signing ceremony as offered by the mediators.

In the words of the minister, the Azeri formula is based on reserving sovereignty over Shusha and Lachin, withdrawal of Armenian troops from the area, the return of Azeri refugees and guarantees of safe transportation of humanitarian cargo to Nagorno Karabakh.

"We are ready to propose this formula to the Minsk conference when settling the problem of Karabakh's status," said Gasanov.

In the opinion of Pressel, Azerbaijan should make a considerable compromise on the issue.

Jozef Pressel will also visit Yerevan and Stepanakert.

Elchibey Urges Reunification With Iranian Compatriots

MK0203060095 Moscow SEGODNYA in Russian 1 Mar 95 p 4

[Report from Baku by Arif Useynov: "The Time Has Come To Reunite South and North Azerbaijan. This Statement by Abulfaz Elchibey Could Aggravate Relations with Iran"]

[FBIS Translated Text] Abulfaz Elchibey, former Azerbaijan president and currently leader of the National Front of Azerbaijan (NFA), made a statement, published last week in the Baku newspaper CUMHURIYET, which says that the national-liberation struggle of the Azerbaijan people for unification of South (Iranian) and North Azerbaijan within a single state is historically justified and does not abide any delay. The division of Azerbaijan happened in 1813 under the Gyulistan Treaty signed after a prolonged war between Russia and Iran. According to Elchibey, after North Azerbaijan "shook off the more than 200-year-long Russian oppression, the time has come to liberate the Azerbaijanis also from Iranian domination." The ex-president's statement appeared immediately after the United States invited the leaders of 11 Azerbaijan opposition parties to Washington, while Abulfaz Elchibey received a personal invitation. The trip is scheduled for mid-March.

During his one-year stint in power the NFA leader showed himself as an ultranationalist Turkist [Tyurkist], cutting off all links with Iranian officialdom—and, accusing that country's clergy of pursuing, together with Russia, an imperial policy toward the Azerbaijanis—demanded that the Iranian authorities stop the forced

"Farsization" of the Azerbaijan population, which constituted a majority among the country's 36 ethnic groups and was deprived of the possibility to study their native language, publish newspapers and other literature in this language, and so forth.

Analysts believe that at the NFA congress due at the end of March Elchibey will make the idea of national struggle for unification of South and North Azerbaijan his main trump, using it to attract interest to his party. He has nothing else with which to lure the masses: The national liberation movement, launched by the NFA in 1988, gradually dissolved into anarchy while the administrative arbitrariness and ubiquitous corruption, which swept the country not without assistance from Elchibey, who became president in 1992, almost resulted in a civil war. Today, according to local observers, the NFA leader is harboring plans for a global confrontation between Iran officialdom and Azerbaijan's incumbent President Geydar Aliyev.

President, Pakistani Official Discuss Economic Development

NC0103144495 Baku TURAN in English 0832 GMT 1 Mar 95

[FBIS Transcribed Text] Baku (February 27) TURAN—On Saturday evening [25 February] President Aliyev received the Minister of Finance of Pakistan, Mahudin Shahabudin [name as received].

Mr. Shahabudin thanked President Aliyev for the cordial welcome and said that he arrived in Azerbaijan at the head of special mission. He said that Pakistan's Prime-Minister, Benazir Bhutto, invites President Aliyev to the summit of the Economic Conference Organization, (ECO), which is to be hold from March 13 to 17 in Islamabad. The Minister of Finance mentioned that the issues of global economic character, like creation of common air-space. banking system and system of navigation of these states, will be discussed during the forthcoming summit of the ECO.

"Now Azerbaijan is in such economic state that it must accept this or that model of development. This must be the market model and it must correspond to the relations between the ECO countries or our cooperation will be complicated", Pakistan's Minister of Finance says. "It does not mean that we dictate you our conditions or we want to be the older brother of Azerbaijan, we do not intend to export Islam to your country either", Foreign Ministry of Pakistan says. He says that several western circles see the policy of Pakistan in newly independent states like this.

President Aliyev thanked him for the invitation to visit Islamabad and said that he will take part in the ECO summit. "In Islamabad I hope to meet not only with Mrs. Bhutto but also with Pakistan's President", Azeri President says. He added that the proposals on the economic cooperation are very interesting and Azerbaijan will express its opinion towards them during the summit. Azeri President mentioned that he will arrive in Islamabad from Copenhagen, where he will take part at the meeting of the UN dedicated to social development in the world. The heads of tens of states will also take place at the meeting.

Georgia

Abkhaz-Georgian Talks Under UN Mediation Begin

LD0103152895 Moscow INTERFAX in English 1357 GMT 1 Mar 95

[FBIS Transcribed Text] MOSCOW, March 1 (Interfax)— The Georgian-Abkhazian expert consultations on relations between Tbilisi and Sukhumi were started in Moscow Wednesday [1 March] under the mediation of representatives of Russia and the UN.

The press service of the Abkhazian mission in the Russian capital reported to Interfax that the parties plan to continue their work on draft documents on the Abkhazian settlement and, in particular, on Abkhazia's status.

Andrey Dzhergenia, private representative of the republic's president, heads Abkhazia's delegation and state adviser Irakly Machavariani - the Georgian one.

At the previous round of expert consultations, held in Moscow in mid-February, the parties failed agree on the form of future relations between Georgia and Abkhazia. The Georgian delegation persisted in seeking a federative system with a single Georgian state while the Abkhazian delegation demanded that relations between Georgia and Abkhazia be confederative ones - "a union of equal states."

This round of negotiations is expected to last until the end of this week.

Meanwhile, the next sitting of the quadripartite commission on refugees is planned to be held in Gali (Abkhazia) and in Zugdidi (Georgia) on Wednesday. The Zugdidi information center reported to Interfax that the Georgian party intends to raise the issue on resuming the process of refugee return to the Abkhazian Gali region which was interrupted last December.

Shevardnadze Invited to Iranian Railway Inauguration

LD0103145095 Tbilisi Radio Tbilisi Network in Georgian 1300 GMT 1 Mar 95

[FBIS Translated Text] According to the head of state's press service, Eduard Shevardnadze, chairman of the Georgian parliament and head of state, received today Fereidn Haqbin, Iranian ambassador extraordinary and plenipotentiary to Georgia. The conversation dealt with prospects for further development of trade and economic relations between the two countries.

The Iranian side expressed readiness to take part in the reconstruction of Poti and Batumi ports and the construction of a road between Poti and Tbilisi, and Tbilisi and Azerbaijan.

The ambassador invited Shevardnadze to attend in the middle of March the inauguration of a railway linking central parts of Iran with the Persian Gulf. Other heads of state have also been invited to this ceremony.

It was noted that Iranian President 'Ali Akbar Hashemi-Rafsanjani would like to visit Georgia and meet the head of state.

In conclusion, Shevardnadze thanked the guest for his information and noted that order was gradually being restored to the Georgian roads and that they would soon be entirely safe for travel. This would create new prospects for developing cooperation.

Estonia

Special NATO Partnership Deal for Russia Opposed

LD0103190995 Tallinn Radio Tallinn Network in Estonian 1700 GMT 1 Mar 95

[FBIS Translated Text] Estonian Foreign Affairs Minister Juri Luik presented Estonia's individual partnership program in the NATO headquarters in Brussels today. The presentation was made at a North Atlantic Cooperation Council session.

Luik spoke about the achievements made since NATO presented its Partnership for Peace program 14 months ago. Luik mentioned the withdrawal of Russian troops, the setting up of the Baltic Peacekeeping Battalion, Estonia becoming an associated member of the West European Union, and the successful completion of the association agreement with the European Union. The Estonian foreign minister reiterated the view that Estonia sees the Partnership for Peace program as the means for states to achieve full NATO membership.

Juri Luik also pointed out that Estonia does not agree with the designing of a special program for the Russian Federation in exchange for Russia approving the possibility of certain other countries becoming NATO members.

Lithuanian Colleague's Statement Criticized

WS0103145695 Tallinn BNS in English 1300 GMT 01 Mar 95

[FBIS Transcribed Text] Tallinn, Mar 01, BNS—The statement made on Tuesday [28 February] by the chairman of the Lithuanian parliament's Foreign Affairs Committee, Kazys Bobelis, impairs directly cooperation among the Baltic states, said Vello Saatpalu, chairman of the Estonian parliament's foreign affairs commission.

Bobelis accused Estonians of regarding Lithuanians as lower-class aborigines who have not achieved Western standards. He was referring to an Estonian publication called VIA BALTICA, which he claimed depicted Lithuania as a backward Baltic country.

Saatpalu said this wasn't the first time that Bobelis prejudiced Baltic cooperation. He mentioned the Lithuanian lawmaker's "irresponsible behavior" at a session of the Organization for Security and Cooperation in Europe Parliamentary Assembly in Vienna last July.

"It was due to Bobelis' direct opposition and pushing himself forward that the Baltic states lost the race for the Parliamentary Assembly's vice presidency," Saatpalu maintained.

Bobelis told a news conference in Vilnius the publication that ran down Lithuania was financially backed by the Estonian parliament. Saatpalu denied any connection, saying the VIA BALTICA was published by a private company called Via Baltica News Ltd.

"But if you (Bobelis) think Estonia should introduce censorship of the printed word, I'm diametrically opposed to such an opinion," the Estonian lawmaker noted.

Latvia

Foreign Minister Interviewed

LD0103220695

[FBIS Editorial Report] Riga Radio Riga Network in Latvian at 1000 GMT on 1 March broadcasts a 33-minute studio interview, live or recorded, with Latvian Foreign Minister Valdis Birkavs by an unidentified correspondent.

The correspondent begins by asking Birkavs about the connection between foreign affairs and security. Birkavs says that Latvia's occupation by Russia in 1940 was partly caused by Latvia's foreign policy at the time. He continues: "Therefore in working out a foreign policy for the period until 2005, the Foreign Ministry has based everything on strengthening Latvian security. Security is most important."

The foreign minister then says that Latvia has to get integrated into the joint structures of West European countries so that it becomes inseparable from them. Latvia cannot simply borrow some benefits from Europe and disregard the rest.

Birkavs continues: "We cannot remain on our own. We are on this difficult path away from the Soviet Union toward the European Union and, fortunately or unfortunately, our historic and geopolitical place is such that without friends, without support, we cannot manage, because otherwise we will unavoidably become dependent on our vast neighbor. That neighbor is unpredictable, not at all democratic, and we do not know how matters will develop."

After explaining the difference between the European Union and the Council of Europe, Birkavs continues: "The European Union is primarily an economic organization, and of course Europe, or the European Union, does not need us with our small and still weak economy. Therefore we will have to struggle quite a lot to survive in the European Union.

"Estonia has now successfully concluded the main round of talks and has almost achieved the stage of being able soon to conclude an association agreement. It will most probably be done together with Latvia, because a Latvian delegation is going to the European Union this afternoon to negotiate conditions favorable to Latvia. But all our friends are unanimous in saying that joining the European Union also means security guarantees, because if we join Europe we will be joined not only by common roads, common telecommunications, and common laws, but will also be very closely joined by the essence of life itself; we will be rooted in the European Union, if we are ourselves ready for that."

The Latvian foreign minister then says that Latvia will have to hold a referendum around the end of the century on whether to join the European Union.

Speaking of foreign investment, Birkavs says that countries which are friendly to Latvia will have to bring new technologies into Latvia and adequate investments. He warns against Russian investment, which would mean that Latvia becomes more involved with Russia.

Asked about the strategic and tactical aims of Latvia's foreign policy, Birkavs says: "I would like the public to be more unanimous about integration into the European Union and joining NATO being our strategic aim. Thus, all our work in international and regional organizations, including the work of embassies and work in the sphere of internal policy, is devoted to achieving this strategic aim.

"It is very important that the public should understand that with government changes and changes in the parties which come to power, this strategic direction in foreign policy will not change. If it does change, we would move in the opposite direction, that is, our integration would be toward eastern structures, because I have already said that isolationism does not suit us.

"Our second strategic aim is the deepening of cooperation between the Baltic states. We have positive experience here, but we also have a lot of problems."

The minister continues: "Ultimately we have to ensure that prices are equalized in the whole of the Baltic zone, that the problems on the Latvian-Lithuanian and Latvian-Estonian borders are tackled, and that we have a joint customs union. I am satisfied that the prime ministers have recently signed an agreement on the prospect of how that customs union can be achieved. Only through mutual cooperation can we become more interesting to other countries and to other investors. We are proving our ability to cooperate, because the European Union is also waiting to see if we have the ability to cooperate. If we fail, then they will ask us how we could cooperate in the European Union when we cannot cooperate among ourselves?

"As far as bilateral relations are concerned, relations with Germany, France, and Great Britain—I would say the economically strongest European countries—are of course very important for us. But we are working very hard on the formula five plus three; that means the five Nordic countries and the three Baltic states. It should be said that after Finland's and Sweden's entry into the European Union, the Baltic states' role in cooperation between the five and the three will increase, because it gives the Nordic Council a new dimension.

"As far as Ukraine, Belarus, and other new independent states are concerned, you have probably already noticed that a letter from Mr. Chernomyrdin was published in today's newspapers. Frankly, the events of the last few days are evidence that relations between us have now stabilized, because the instruments of ratification have been exchanged and a document related to international supervision of the issue of the Skrunda radar station has just been signed in Vienna. Thus it seems that everything will be all right. However, there is one very painful problem: the deadline for the registration of the discharged Russian military personnel expired today, and unfortunately not all of the several thousand—4,000—military personnel have registered. Some have registered who are not included in the lists submitted by Russia, and the government will have to take serious steps to tackle this problem.

"I would like to say that we have put in order, almost put in order, our relations with Russia and that is good, because Russia's economic potential and economic influence on Latvia is quite large and it benefits us that transit roads run through Latvia."

The interview then turns to the issue of Latvian-U.S. relations. Birkavs says: "Though a long way from us, North America and other regions are still very significant for Latvia's development, and we will continue intensive cooperation with Canada and the United States, as well as developing relations with Mexico. Of course, in Mexico we will not have an embassy for a long time yet. With Canada, on the other hand, we are preparing to appoint an ambassador quite soon.

"A further deepening of the economic dimension is very important. The Foreign Ministry and our embassies can do a great deal to attract investments and promote exports. Therefore, at the end of March the government will return to an issue that is supplementary to our foreign policy—foreign trade. In my opinion, the embassies must make greater efforts for our country's economic development, because with the help of the embassies, with the help of our ministry, we have managed to attract significant amounts of humanitarian aid of various kinds. I think that in terms of volume, shown in figures, this is much bigger than (?other) aid. It's only that we have perhaps talked about it too little. But all aid to people who are badly off is of course welcome.

"Relations between countries are similar to relations between people; they can be better or worse, they can be improved or spoiled. Therefore foreign 3policy is a very delicate issue, and I get the feeling from some ambassadors that they are—how can I put it—not satisfied, that their countries might play perhaps a lesser part, or a bigger part. They would like to see greater emphasis.

"At the same time, we will discuss our foreign policy in parliament for the first time on 9 March, and I would like to call on esteemed radio listeners to take an active part in this discussion in some sense. The parliamentary debate will be relayed then, and I think that at the same time, with the help of the Foreign Ministry, we could listen to your views as well: What foreign policy issues ought to be established? Which ones ought to be regarded as urgent? Perhaps I should take this opportunity to invite you to discuss foreign policy and then to phone the Foreign Ministry—number 223307—and say which issues or problems seem to you to be urgent and which ought to be settled. In any case we will be happy to hear your views, and in two weeks' time, we'll be back again to deal with your questions."

The minister is then asked why it is important for Latvia to join NATO. Birkavs replies: "NATO is practically a protecting shield. If you are a full-fledged member and your country is threatened, the other NATO member states have the duty to rush to your help. Since we are one of the most threatened countries—we have been occupied and we have this negative historical experience—then of course we are interested in getting under the NATO shield.

"For its part, NATO is very cautious in its attitude toward us. Once again I stress that no-one is waiting for us there with open arms. We have to struggle to get there. We have to put ourselves, our defense forces, and our legislation in order to ensure that we are on the same level as NATO countries. Only when NATO sees that it will also benefit from us will it decide that Latvia can be admitted as a member. There is much work to do before we reach that stage."

Asked about Russia's reaction to an eastward expansion of NATO on the grounds that the balance of power between East and West would be upset, Birkavs replies: "Precisely, you said it. The balance of power is being upset. A kind of matching of forces is going on. The fate of NATO and the prospects for it depend on whether this balance is preserved or not, and that in turn depends on whether Russia develops as a democratic and economically prosperous state, or whether it is dominated by an authoritarian regime or even a totalitarian one. That is very important. If there is none of this matching of forces, the expansion of NATO will not be a problem. If there is this matching, then of course the approach of the borders of NATO and the European Union will create a very sensitive question.

"I would like to say that even now Russia has a border with the European Union—with Finland. It does not yet have a border with NATO. If Poland is the first country to be admitted to NATO, the whole military-strategic scene in Europe will change. And we are afraid to remain under cover, because as soon as NATO's zone of influence is extended, the expansion of Russia's zone of influence could also begin. That would be dangerous. So I predict that the development of NATO will to a great extent depend on the development of Europe, as the new model of Europe is worked out and approved at the end of 1996. The new model of NATO should in effect be approved at the end of this year, when the criteria and principles for NATO's expansion are announced."

The interview concludes with questions about Latvia's image in the world, tourism, Latvians living abroad, and the importance of technical assistance for Latvia's development. The correspondent invites listeners to ring and express their views, as Birkavs suggested.

Statistics on Latvia's Shadow Economy

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[Interview with Inna Steinbuka, Director of the National Economic Analysis and Prognosis Department of the Ministry of Finance, by Guntis Rozenbergs, Diena commentator: "Latvia's national economy controlled by the shadow economy."]

[FBIS Translated Text] Inna Steinbuka, Director of the National Economic Analysis and Prognosis Department of the Ministry of Finance is interviewed by Guntis Rozenbergs, Diena commentator.

How strong is the hold on Latvia's economy by the criminal world? Until now, we have only heard about the extent of the shadow, or illegal, economy in a roundabout and speculative manner. The shadow economy is that part of production or services that doesn't appear in the official statistics. The activities of the shadow economy are most likely smuggling, tax evasion, bribe taking, racketeering, illegal drug manufacture and selling,the sale of stolen property, prostitution, working illegally, etc. The shadow economy in Central Europe and Eastern Europe especially started to thrive during the socialist economic fiasco and change over to a market economy. Latvia is no exception. Not many countries with change over economies have attempted to determine the extent of the shadow economy within their economy. Latvia is finally starting to make such calculations. More funding and a few more months are needed before the work can be totally completed, relatively speaking. But the first results are in. And they are shocking.

[Rozenbergs] What prompted you to start such a difficult, thankless, and probably also expensive study?

[Steinbuka] It really is quite expensive. I have obtained the Netherlands methodology instructions on how to calculate the shadow economy, Italy's illegal work force determination methodology, but neither is completely suitable for us. They can be utilized to create our own.

The September 6,1994 Cabinet of Ministers order called for the development of the State income assurance and economic crime intervention program. When the draft of the program was ready and passed around the Ministries for additional comments, we realized that, while various bills and measures for administrative income improvements were proposed in great numbers, no one, while developing the program, had thought about analyzing our present situation. Our department agreed to perform an analysis on the internal gross output (IGO) of the shadow economy, or its illegal portion, and calculate the amount of tax that was not being collected by the government.

[Rozenbergs] One of the basic indicators of the national economy is the IGO (the value of new production in one year). How great a portion goes to the world of the shadow economy? For example, it was calculated for former Czechoslovakia, that in the year 1987, 4.6 percent of the internal gross output, or 2.4 billion dollars went into the hands of the shadow economy. According to expert opinion, the illegal economy in Hungary at present accounts for 25 percent, or a 8.4 billion dollar portion of the state's gross national product (total value of goods and services at market prices). In Poland, the portion of the shadow economy's gross national product from 1989 to 1994 increased from 9 percent to 20 percent, reaching 16.6 billion dollars. In Serbia, the proportion of the illegal economy is as high as 70 percent. Latvia probably doesn't fall far behind its developed fellow travelers on the road to a market economy.

[Steinbuka] We estimate that the IGO calculated by our statisticians seems falsely low. In order to calculate the IGO—everything produced in our national economy over a one year period, we must know what type of information is being supplied by our businesses. None of the businesses is interested in giving honest information about economic indicators—turnover, quantity of goods produced, profits, the salary base—in an attempt to avoid paying taxes. Everyone is interested in having lower indicators. This is a difficult question: how many times can businesses reduce their economic indicators?

We started studying IGO developmental dynamics. We can assume that the shadow economy's proportion increased with the beginning of perestroika, and an especially major jump occurred between 1990 and 1991, when we said goodbye to socialism. If, during those years, we had had another methodology for calculating the IGO, then we could determine the approximate contribution of the shadow economy during those years.

We obtained another methodology, different than the one our statisticians use, when representatives from the International Monetary Fund (IMF) started to doubt the validity of the IGO calculated by our statisticians. IMF offered us their methodology, which we started using from 1993.

Thus, starting with 1993, we have two IGO calculations available. According to the IMF methodology, the decline in IGO could be 10 percent. According to our statisticians, it was 15 percent. Thus, a 5 percent difference. In 1994, the statisticians predicted a 2 percent decline in IGO—the IMF a 2 percent increase. Thus, the difference—4 percent. We could assume that in 1991 and 1992, this difference could also have been 5 percent. And we can assume that in 1993, the unreported IGO or the shadow economy's amount is the same 5 percent. In addition, it should be taken into consideration that the shadow economy's amount does not disappear as of the end of the year, but is added on to the next year's amount. (Calculate this starting with 1991!)

Thus, the minimum amount of the shadow economy's IGO is at least 20 percent. And in calculating the maximum possible amount (which will be completed next month), we can predict that the shadow economy's share measures up to at least a 30 percent portion of the entire national economy. It is possible that it could be within the boundaries of 30 percent and 50 percent of the IGO.

[Rozenbergs] The state treasury loses out on a major amount of funding due to a total nonpayment of taxes. In Hungary, for example, the average annual amount of undeclared income by private persons is valued at 3 billion dollars. This means that for every inhabitant of Hungary, there is 100 dollars of unpaid taxes. In Slovakia, this amount is even higher—150 dollars per inhabitant. The foreign press published information that in 1990, 7.2 percent of Hungary's workforce worked illegally. Twenty-eight percent of the workforce worked in the Polish shadow economy's "fields" a few years ago. It is estimated that in Latvia, as well, 14 percent to 20 percent of the workforce may be partially employed in the shadow economy. And unregistered work—that means nonpayment of taxes. How much could we earn from taxes, if everyone who was supposed to pay them did?

[Steinbuka] Of all taxes received at present, social taxes account for the largest proportion—30 percent of all taxes received.

We proceeded as follows. In 1994, state institutions employed 16.2 percent of all those working in the national economy. Let us assume that state institutions pay their social taxes honestly. The average salary in a state institution is 17.8 percent lower than the average job pays in the general sector of the national economy (in the third quarter, the average salary in the national economy sector was 75.8 Ls). Assuming that the remaining businesses must pay taxes just as honestly as the state institutions, the results of our calculation showed that in the three quarters of 1994, the state treasury did not receive about 100 million lats in social taxes. That is the minimum the state has not received, because the actual income of residents is higher than the average statistics.

Even though the resident income tax proportion of all taxes received is lower—it is 13 percent to 14 percent—it is also unpaid to a great extent. The calculations are still incomplete, but the preliminary numbers show that, in the three quarters of 1994, the state treasury did not receive about 140 million lats of resident income taxes.

We still haven't gotten to the uncollected portion of the circulating tax, but according to provisional calculations, using the size of the IGO shadow portion, we can estimate that, in 1994, the unpaid circulating tax was approximately 144 million lats. (The circulating tax portion of all taxes received in 1995 is predicted to be 28 percent).

Unfortunately, we do not have any estimates on the amount of uncollected excise taxes and duties, but some interesting information has been gathered on goods brought into Latvia as contraband. According to our determinations, with respect to the amount of goods entering Latvia illegally—the following comparisons should be correct: goods manufactured in Latvia, officially imported and exported and the remainder at the beginning of the period is the same as what is consumed, exported and what remains at the end of the period. If the equation does not turn out properly, there is a statistical deviation. The statistical error calculation cannot be too large—the highest—10 percent. If the deviation is enormous, this indicates that contraband has entered Latvia to a major extent.

As an example, these are the results from the first quarter of 1994—for three months.

The official amount of meat and its products imported was 3,000 tons, the unofficial amount imported, together with the statistical probability error was 6,900 tons. Thus, the contraband was more than twice as much as the registered imports. The official amount of milk and milk products imported is 3,300 tons, the illegal import—22,100 tons, thus seven times higher. A similar terrible situation exists with egg imports. Officially, 400,000 eggs were imported, while as contraband, there were—41,600,000 (!).

Let us look at the alcoholic beverage balance for all of 1993! The legal importation of vodka, vodka and liquor beverages was 70,000 decaliters, the illegal import was 4,384,000 decaliters. The officially registered import of fruit, berry and grape wine was 574,000 decaliters, contraband was—751,000 decaliters. The legal import of cognac—272,000 deciliters, while 270,000 decaliters was brought in illegally. The official import of champagne was 163,000 decaliters, the illegal import was 1,690,000 decaliters, thus 10 times higher. The official import of beer was 211,000 decaliters, while through contraband—4,099,000. We still have not calculated how much this equals in unpaid taxes or expressed as actual money, but that is easy to do.

[Rozenbergs] Thus, it can be confirmed that the shadow economy swallows up the other Latvian state's budget amount. The actual income for the state's overall budget for 1995 has been projected at 939 million lats. Apparently, just as much will be uncollected by the state. It is said that the shadow economy is more than 50 percent of the national economy.

[Steinbuka] I can agree with that with respect to the import of individual production types. There are some goods that enter the shadow economy almost 100 percent of the time.

The program developed provides for an abundance of measures. We will gradually start doing everything we can in the hope that after a few years we will have some results in the fight against the shadow economy, and it will start to recede.

[Rozenbergs] Director of Fessel & Gfk, a market research institute, Rudolf Bretschneider, from Austria once said that it is more interesting to watch how people attempt to survive, than to try to measure the shadow economy. In addition, he feels that the shadow economy also has some positive effects, because it allows people to survive in a situation when the state is no longer able to take care of them. R. Bretschneider admits that it is important to ensure that the shadow economy does not become the overall accepted system, one which both the state and the people have become accustomed.

Since the shadow economy quickly promotes an increase in crime, it is high time for Latvia to start putting a strangle hold on racketeering, look down on contraband, increase the forcefulness of tax collection by putting the hundred or so non-payers behind bars for about three years. The shadow economy has grown so far that, if nothing effective is done, it will threaten Latvia with serious consequences, whereby the dishonest world will gain full control over the honest world. That would be a hopeless situation. Action should be taken, and this is the time to start, since we now know the approximate strength of the shadow economy.

In ending, I will mention what an honest, I think, businessman said to me: "What is the purpose of paying taxes, if the government cannot provide what business wants from it,—I pay taxes, so that the government can guarantee my safety."

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